1777. Also, petition of Charles M. Bond and others, petitioning consideration of their resolution with reference to opposition to universal military training and peacetime draft; to the Committee on Armed Services.

1778. Also, petition of F. G. Winkelmiller and others, petitioning consideration of their resolution with reference to the defeat of universal military training; to the Committee on Armed Services.

1779. Also, petition of the Sixth Municipal Council of St. Thomas and St. John, petitioning consideration of their resolution with reference to amendments to the Organic Act of the Virgin Islands; to the Committee on Public Lands.

1780. Also, petition of the Sixth Municipal Council of St. Thomas and St. John, petitioning consideration of their resolution with reference to granting the Virgin Islands $2,000,000 for the construction of two modern hotels; to the Committee on Public Lands.

1781. Also, petition of Sulejman Male and others, petitioning consideration of their resolution with reference to admission into the United States; to the Committee on the Judiciary.

1782. Also, petition of the clerk, Borough of Roselle, N. J., petitioning consideration of his resolution with reference to endorsement of H. R. 6012; to the Committee on the Judiciary.

SENATE

THURSDAY, APRIL 15, 1948

(Legislative day of Monday, March 29, 1948)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

If these moments, O Christ, can be spent in honest heart-to-heart communion with Thee, and Thou wilt give us Thy Spirit, then will our whole day be changed for us, and we shall be changed for the day. Our moods will become right, and we shall be sensitized. Use these moments, O Lord, to make every thought and feeling what they ought to be, that we may be able to do things for Thy sake that we would not have done for our own or the sake of anyone else. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, April 14, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

QUARTERLY REPORT ON ACTIVITIES AND TRANSACTIONS OF MARITIME COMMISSION

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the United States Maritime Commission, transmitting, pursuant to law, the quarterly report on the activities and transactions of that Commission under the Merchant Ship Sales Act of 1946 for the period January 1, 1948, through March 31, 1948, which, with the accompanying report, was referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. MILLIKIN, from the Committee on Finance:

H. R. 5275. A bill to amend the Tariff Act of 1930 to provide for the free importation of limestone to be used in the manufacture of fertilizer; without amendment (Rept. No. 1129); and

H. R. 5448. A bill to amend sections 212 (b) and 231 (d) of the Internal Revenue Code; with an amendment (Rept. No. 1128).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. BALDWIN:

S. 2502. A bill to remove officers and employees of the field service of the Post Office Department from the personnel restrictions of the Federal Employees Pay Act of 1945, as amended;

S. 2503. A bill to authorize the establishment of 10 positions in the professional and scientific service in the Department of Commerce with rates of compensation not in excess of $15,000 per annum; and

S. 2504. A bill for the relief of Horace J. Fenton, former associate professor at the United States Naval Academy; to the Committee on Post Office and Civil Service.

S. 2505. A bill to amend the act of August 1, 1947, to clarify the position of the Secretary of the Air Force with respect to such act, and to authorize the Secretary of Defense to establish six additional positions in the professional and scientific service, and for other purposes; and

S. 2506. A bill to credit to active and retired officers of the Medical Department of the Army all service performed as interns in Army hospitals on a civilian-employee status; to the Committee on Armed Services.

By Mr. BUTLER:

S. 2507. A bill conferring jurisdiction upon the United States District Court for the District of Nebraska to hear, determine, and render judgment upon the claim of Mrs. Florence Benolken; to the Committee on the Judiciary.

S. 2508. A bill to increase the annual salary of the Coordinator of Federal Agencies in Puerto Rico from $7,500 to $10,000; to the Committee on Interior and Insular Affairs.

By Mr. HILL:

S. 2509. A bill relating to the disability pensions payable to veterans of World War II; to the Committee on Finance.

By Mr. LANGER:

S. J. Res. 209. Joint resolution to provide for the continuing existence and the welfare of the Three Affiliated Tribes of Fort Berthold Reservation, N. Dak.; to the Committee on Interior and Insular Affairs.

STUDY OF FOOT-AND-MOUTH DISEASE

Mr. THYE. Mr. President, I ask unanimous consent to submit for appropriate reference a resolution providing that the Senate Committee on Agriculture and Forestry be given a supplemental appropriation of $3,000 to finance a visit to the border by the Subcommittee on Foot-and-Mouth Disease, to determine the status of that disease and what control measures are being exercised.

There being no objection, the resolution (S. Res. 223) was received and referred to the Committee on Agriculture and Forestry, as follows:

Resolved, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized to make a full and complete investigation of all problems related to foot-and-mouth disease and its incidence in neighboring countries.

SEC. 2. The committee shall make a report of its findings to the Senate at the earliest practicable date, but in no event later than ————, together with such recommendations for legislation as it may deem advisable.

SEC. 3. For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized, during the sessions, recesses, and adjourned periods of the Eightieth Congress, to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable, and to travel, and authorize its assistants to travel, in such places as it deems advisable. The expenses of the committee under this resolution, which shall not exceed $3,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

NATIONAL HOUSING—AMENDMENT

Mr. YOUNG (for himself and Mr. RUSSELL) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 866) to establish a national housing objective and the policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective and to provide for the coordinated execution of such policy through a National Housing Commission, and for other purposes, which was ordered to lie on the table and to be printed.

PRINTING OF SPECIAL STUDY OF ECONOMIC ASPECT OF MINIMUM WAGE (S. DOC. NO. 146)

Mr. BALL. Mr. President, in connection with the hearings which are to start Monday in the subcommittee of the Committee on Labor and Public Welfare regarding a revision of the Wages and Hours Act, I asked Dr. Gustav Peck, senior specialist on labor in the Legislative Reference Service of the Library of Congress, to make a special study of the economic aspect of the minimum wage. I have his report, which I think is very valuable in connection with the consideration of this subject, and I ask unanimous consent that it be printed as a Senate document.

The PRESIDENT pro tempore. Without objection, it is so ordered.

OPEN SEASON ON TRUMAN—ARTICLE BY PETER EDSON

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article entitled "Open Season on Truman," by Peter Edson, published in the Washington Daily News of March 30, 1948, which appears in the Appendix.]

MEETING OF COMMITTEE DURING SENATE SESSION

Mr. CAPEHART asked and obtained leave for a subcommittee of the Committee on Interstate and Foreign Commerce

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

to meet during the session of the Senate this afternoon.

PROPOSED INCORPORATION OF CATHOLIC WAR VETERANS

Mr. HICKENLOOPER. Mr. President, in connection with the debate on the floor of the Senate and the testimony involving the chartering of the Catholic War Veterans, I received a letter on April 9 from Mr. Eugene F. Taggart, national liaison officer of that organization. The letter is addressed to me, and reads:

CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA,
Washington, D. C., April 9, 1948.

Hon. BOURKE B. HICKENLOOPER,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: This letter will perhaps strike you as being strange. However, as the national liaison officer of the Catholic War Veterans, it was my duty to pursue the legislation for the chartering of our organization. I was present in the gallery during the debate, I have read it in the CONGRESSIONAL RECORD, and I admire your able opposition.

You have given us a new trend of thought, Senator, that we never considered before and I should like to say that I shall always be proud that the highest legislative body in the world should have given us the benefit of 5 hours of debate. It gives me an abounding faith in democracy that an organization such as ours should be so considered by the finest legislative body on the face of the earth.

I shall always admire you and never fear my country's future when such men serve as guides to our legislative processes.

Hoping you will have many more years in the good service of our country.

Believe me to be,

Yours sincerely,

EUGENE F. TAGGART,
National Liaison Officer.

Mr. President, without reference to what may be the unjustified compliments made by the writer of the letter with reference to me, I should like to say that I think this is one of the most generous letters I have ever received since I have held public office. I admire the breadth of vision of a man who could say what Mr. Taggart states in his letter, even though I was on the other side of the legislation from him. I appreciate the letter.

Mr. CHAVEZ. Mr. President, I should like to say to the Senate that I also received a letter from Mr. Taggart complimenting the Senate on its action, and indicating the sound, tolerant state of mind of the writer of the letter that has been referred to by the Senator from Iowa.

NATIONAL HOUSING

The Senate resumed the consideration of the bill (S. 866) to establish a national housing objective and the policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective and to provide for the coordinated execution of such policy through a National Housing Commission, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. MCCARTHY] to the original text of the bill, striking out all after line 4 on page 3, down to and including line 2 on page 9, being title II.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gurney	O'Conor
Baldwin	Hatch	O'Daniel
Ball	Hawkes	O'Mahoney
Barkley	Hayden	Overton
Brewster	Hickenlooper	Reed
Bricker	Hill	Robertson, Va.
Bridges	Hoey	Robertson, Wyo.
Brooks	Holland	Russell
Buck	Ives	Saltonstall
Bushfield	Jenner	Smith
Butler	Johnson, Colo.	Stennis
Byrd	Johnston, S. C.	Stewart
Capehart	Kem	Taft
Capper	Kilgore	Taylor
Chavez	Knowland	Thomas, Okla.
Cooper	Langer	Thomas, Utah
Cordon	Lodge	Thye
Donnell	Lucas	Tydings
Downey	McCarran	Vandenberg
Dworshak	McCarthy	Watkins
Eastland	McKellar	White
Ecton	McMahon	Wiley
Ellender	Malone	Williams
Ferguson	Martin	Wilson
Flanders	Millikin	Young
Fulbright	Moore	
George	Morse	

Mr. KNOWLAND. I announce that the Senator from Washington [Mr. CAIN] is absent by leave of the Senate on official committee business.

The Senator from West Virginia [Mr. REVERCOMB] is necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Nebraska [Mr. WHERRY] is absent on official state business.

Mr. LUCAS. I announce that the Senator from Texas [Mr. CONNALLY] is absent because of illness.

The Senator from Rhode Island [Mr. GREEN], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arizona [Mr. MCFARLAND], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Washington [Mr. MAGNUSON], the Senator from Rhode Island [Mr. MCGRATH], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent by leave of the Senate.

The Senator from Arkansas [Mr. MCCLELLAN], the Senator from North Carolina [Mr. UMSTEAD], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The PRESIDENT pro tempore. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. LODGE. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL] and myself, I send to the desk an amendment to the committee amendments to Senate bill 866, and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and will lie on the table.

Mr. LODGE. Mr. President, I submit this amendment at the specific request of the Governor of Massachusetts, who has telegraphed me as follows:

BOSTON, MASS., *April 14, 1948.*

Hon. HENRY CABOT LODGE, Jr.,
Senate Office Building:

Request your cooperation in amending the Taft-Ellender-Wagner bill to assure that financial assistance under that bill will be available to projects under the Massachusetts veterans' housing law recently enacted as chapter 200 of the acts of 1948.

ROBERT F. BRADFORD,
Governor of Massachusetts.

Mr. President, on page 4391 of the RECORD for yesterday, April 14, there appears a detailed description of the Sears housing law which was enacted into law in Massachusetts on April 6, 1948. The amendment which I now offer is designed to permit the conversion of Sears housing law projects to Federal status under the pending Federal housing legislation now before the Senate. It is based on a draft suggested by the housing authorities in Massachusetts, but has been redrafted by the Office of the Legislative Counsel here at the Capitol in cooperation with the general counsel of the Federal Housing and Home Finance Agency.

Mr. President, I ask unanimous consent that the text of the Sears housing law, chapter 200, acts of 1948, Commonwealth of Massachusetts, to which this amendment refers, be printed in full at this point in my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

CHAPTER 200, ACTS OF 1948, THE COMMONWEALTH OF MASSACHUSETTS

An act to provide financial assistance by the Commonwealth to housing authorities in order to alleviate the housing shortage for veterans

Whereas, an acute shortage of housing exists in many of the cities and towns of the Commonwealth, and on account of such shortage many veterans are unable to obtain shelter for themselves and their families, and this shortage is likely to continue for a substantial period of time; and inability to obtain adequate shelter will cause suffering and disease among such veterans unless such shortage is relieved, and this condition has created a public exigency making the provision, as provided by this act, of financial assistance by the Commonwealth to housing authorities, in order to alleviate such shortage an immediate public necessity; therefore this act is declared to be an emergency law, necessary for the immediate preservation of the public health and convenience.

Be it enacted by the senate and house of representatives in general court assembled, and by the authority of the same, as follows:

SECTION 1. Section 26I of chapter 121 of the General Laws, inserted by section 1 of chapter 574 of the acts of 1946, is hereby amended by striking out, in line 2, the word "thirty-one" and inserting in place thereof the word: "thirty-four," so as to read as follows: "Section 26I. Designation as Housing Authority Law." This section and the 34 following sections shall be known and may be cited as the housing authority law.

SEC. 2. Section 26J of said chapter 121, as so inserted, is hereby amended by striking out the paragraph defining "Veterans" and inserting in place thereof the following: "Veteran, a man or woman who served for at least 90 consecutive days during time of war or insurrection in the armed forces of the United

States of America and has been separated therefrom under conditions other than dishonorable. The term shall also include the widow, mother or other dependent of a person who so served and who died while in such service and the wife, mother or other dependent of a person who is so serving."

SEC. 3. Said chapter 121 is hereby further amended by striking out section 26NN, and its caption, "Part V. Effect of partial invalidity", as so inserted, and inserting in place thereof the following four sections under the caption "Part V. State-aided projects":

"SEC. 26NN. Contracts for State financial assistance: The Commonwealth, acting by and through the board, may enter into a contract or contracts with a housing authority for State financial assistance in the form of a guaranty by the Commonwealth of notes and/or bonds of the housing authority issued to finance the cost of a housing project or projects, and annual contributions by the Commonwealth. Each such contract shall contain such limitations as to the development cost of the project and administrative and maintenance costs, and such other provisions as the board may require. Each project shall be based upon a separate application made to the board and shall be planned to conform, as nearly as possible, to the existing published requirements of the Federal Government for low-rent or other housing projects, except such requirements as are based upon the cost limitations set forth in Federal legislation. A project so planned shall be deemed to provide adequate performance as set forth in section 3J of chapter 143. A housing authority may, with the approval of the board, acquire under the provisions of section 26P for the purposes of a project under this section or section 26OO, any land acquired by a city or town under the provisions of chapter 372 of the Acts of 1946, as amended: *Provided*, That such city or town has not completed construction of a housing project on such land. Each project developed under this section and section 26OO shall be administered for occupancy in accordance with section 26FF, except clause (c), and except that each such project shall be occupied exclusively by veterans and their families and priority shall be given first to veterans of World War II of low income, then to veterans of low income, such low income to be determined from time to time by the board.

"If Federal assistance for low-rent housing becomes available in any form not applicable to projects under this chapter, the board shall immediately report the circumstances to the general court together with such recommendations for legislation as may be necessary to enable such projects to qualify for such assistance. Upon the availability of Federal financial assistance for low-rent housing projects under this section, each housing authority having a contract for State financial assistance shall, upon receipt of written notice from the board, immediately enter into negotiations with the Federal Government to arrange for Federal financial assistance with respect to any project developed hereunder and for the termination, in whole or in part, of State financial assistance. For any such project the board may order any housing authority (1) to apply for Federal financial assistance, and (2) upon obtaining the approval of the Federal Government, to enter into a contract or contracts for Federal financial assistance, and to make such arrangements as are possible to terminate, reduce, or subordinate the obligation of the Commonwealth to render financial assistance in such amount as is provided by Federal financial assistance. No order of the board shall in any way affect any outstanding obligations of a housing authority or the rights of any holders of notes or bonds. The amount of Federal payments shall be used to the fullest allowable extent to meet the payment of principal and interest on all notes or bonds guaranteed by the Commonwealth.

"After March 31, 1953, or such later date as the board shall determine that an acute shortage of housing for veterans constituting a public exigency, emergency, or distress no longer exists, any project constructed under this section and receiving State financial assistance may, with the approval of the board, be sold for the amount of the fair market value thereof as determined by the board, but not less than the total of the outstanding obligations of the housing authority with respect to such project. Upon the expiration of the period for which the Commonwealth is obligated to furnish State financial assistance, and provided the Federal Government has not become obligated to furnish Federal financial assistance, any such project shall be offered for sale and disposed of as soon as is consistent with sound business judgment: *Provided*, That any such sale shall be approved by the board. The housing authority bonds sinking fund is hereby established and the State treasurer is hereby designated custodian thereof and he shall administer such fund in accordance with the provisions of chapter 29. So long as any notes and/or bonds issued by a housing authority to finance the cost of a project under this section or section 26OO and guaranteed by the Commonwealth are outstanding, the proceeds of any sale of such project shall be paid by the housing authority into such fund and shall be expended from time to time by the State treasurer to pay interest and principal of any notes and/or bonds issued by such housing authority to finance such project. The proceeds of any sale of such project in excess of the total of all obligations of the housing authority with respect to such project shall, after the payment of all notes and/or bonds issued by the housing authority to finance the cost of such project, be paid to the city or town in which such project is located and to the Commonwealth. The respective payments to such city or town and the Commonwealth shall be proportional to the contributions theretofore made by such city or town and the Commonwealth toward the development and maintenance of such project, as determined by the board. In determining the contributions of a city or town, the board shall include the amounts which the city or town would have received if such project had not been exempt from taxes, betterments, and special assessments, less any amounts paid by the housing authority to the city or town in lieu of such taxes, betterments, and special assessments. Payment to the Commonwealth hereunder shall be added to the Veterans' Services Fund, established by chapter 608 of the acts of 1946.

"The provisions of sections 26I to 26II, both inclusive, except section 26GG, shall, as far as apt, be applicable to projects developed under this section and under section 26OO and to housing authorities while engaged in developing and administering such projects; provided, that whenever the phrases 'Federal Government' or 'Federal legislation' are used in said sections 26I to 26II, both inclusive, they shall also mean the commonwealth or the laws of the commonwealth, as the case may be; and that whenever the words 'low-rent housing project' or 'project' are used in said sections 26I to 26II, they shall also mean a State-aided project under this section and section 26OO. Within the period of 90 days from the effective date of this section, no housing authority of a city or town shall be entitled to financial assistance in an amount which is greater than an amount which bears the same ratio to the total State financial assistance hereby authorized as the total assessed valuation of such city or town bears to the total assessed valuation of all the cities and towns of the commonwealth. The board shall accept no application for State financial assistance under this section or section 26OO after 2 years following the effective date of this section.

"The following provisions shall be applicable to each contract for State financial assistance under this section and section 26OO:

"(a) A housing authority may sell temporary notes and/or bonds to finance a project; provided, that the total amount outstanding at any one time shall not be in excess of the cost of the project as approved by the board. Any such notes or bonds may be refunded through the sale of similar notes or bonds, but in no event for a term more than 25 years after completion of the project, as determined by the board.

"Notwithstanding the provisions of section 26W, the payment of the principal of and interest on all such notes and/or bonds shall be guaranteed by the Commonwealth, and the full faith and credit of the Commonwealth is hereby pledged for any such guaranty: *Provided*, That the total amount of notes and/or bonds so guaranteed shall not exceed $200,000,000 in the aggregate for all projects constructed under this section and section 26OO, exclusive of any such notes and/or bonds which may be issued for refunding purposes.

"No housing authority shall sell or offer for sale any such notes or bonds without receiving from the board approval of the amount, the term, the time of sale, the amortization schedule, and any other conditions of sale which the board may deem relevant in connection with the sale of such notes or bonds. The average annual rate of the amortization of bonds issued to finance a project shall be not less than 3 percent of the principal amount of such bonds.

"(b) Each contract for State financial assistance or supplementary State financial assistance shall provide that the Commonwealth will pay to the Housing Authority annual contributions: *Provided, however*, That the total amount of annual contributions contracted for by the Commonwealth for any one year shall not exceed $5,000,000.

"Each such contract shall contain a provision that the annual contributions shall be used for the payment of interest on, and principal of, notes and/or bonds of the housing authority. The annual contributions for any one project shall be payable in an amount not exceeding 2½ percent of the cost of the project, as determined by the board, and for the fixed period during which the bonds issued to finance the cost of the project or any refunding bonds remain outstanding, but in no event for more than 25 years after the completion of the project, as determined by the board. Each such contract shall provide that whenever in any year the receipts of a housing authority in connection with a project exceed its expenditures for that project, including debt service, payments in lieu of taxes, administration, establishment of reserves, and other costs, as determined by the board, an amount equal to such excess, or, in the case or projects under section 26OO, an amount equal to such portion of the excess as the board shall prescribe, shall be applied, or set aside for application, to purposes which shall effect a reduction in the amount of subsequent annual contributions. The full faith and credit of the commonwealth is hereby pledged to the payment of all annual contributions contracted for by the commonwealth. The veterans' service fund, established by chapter 608 of the acts of 1946, shall be used in the first instance, subject to appropriation, to meet the payments of the annual contributions by the commonwealth to housing authorities pursuant to contracts for State financial assistance under this section and section 26OO for such period or periods.

"(c) The board may enforce any of its orders, rules, or regulations or the provisions of any contract between the Commonwealth and a housing authority by a bill in equity filed in the superior court or by a petition for a writ of mandamus filed under the provisions of section 5 of chapter 249. In the event of a breach by a housing authority of any provisions of a contract between it and the Commonwealth relating to a project, the Commonwealth, acting by the board, may take immediate possession of the project, and retain possession and operate the project in the place and stead of the housing authority, with all the rights and powers of the housing authority, and subject to all of its obligations respecting the possession and operation of the project and the revenues therefrom, until such time as such breach shall have been corrected to the satisfaction of the board.

"SEC. 26OO. Contracts for supplementary State financial assistance: The Commonwealth, acting by and through the board, may enter into a contract or contracts with a housing authority for supplementary State financial assistance in the form of a guaranty by the Commonwealth of any loan made by the housing authority to finance that portion of the cost of a housing project or projects not financed with Federal assistance, and annual contributions by the Commonwealth on that portion of the cost of such project or projects for which no Federal contributions are available.

"SEC. 26PP. Relationship with Federal Government and others.—The Commonwealth shall have power to receive loans and grants from the Federal Government or any agency or instrumentality thereof, or from any other source, public or private, and to use any such loan or grant or part thereof for any purpose of the housing authority law, or to act as agent of, or to cooperate in any way with, the Federal Government or any agency or instrumentality thereof on any project authorized by the housing authority law.

"PART VI. EFFECT OF PARTIAL INVALIDITY

"SEC. 26QQ. Separability of provisions.—The provisions of sections 26I to 26PP, inclusive, are hereby declared to be severable and if any such provision, or the application of such provision to any person or circumstances, shall be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not be construed to affect the validity or constitutionality of any of the remaining provisions of said sections or the application of such provision to persons or circumstances other than those as to which it is held invalid. It is hereby declared to be the legislative intent that said sections would have been adopted had such invalid or unconstitutional provision not been included therein."

Mr. TAFT. Mr. President, the Senator from Wisconsin [Mr. McCARTHY] has offered an amendment to the original bill striking out title II. I inquire if that is the amendment before the Senate.

Mr. McCARTHY. My amendment lettered "C" is before the Senate. It would strike out everything beginning with line 5 on page 3 through line 2 on page 9.

Mr. TAFT. Yes. It would strike out all of title II of the original bill.

Mr. McCARTHY. That is correct.

Mr. TAFT. Mr. President, that amendment is entirely satisfactory, because the reorganization plan adopted last year set up a new organization which I supported, and which is satisfactory to the committee. So I am quite willing to accept the amendment offered by the Senator from Wisconsin.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. McCARTHY] on page 3, beginning with line 5, to strike out through line 2 on page 9.

The amendment was agreed to.

Mr. McCARTHY. I now ask unanimous consent to call up my amendment lettered "D," which is essentially of the same nature; and without commenting on it, I should like to know how the Senator from Ohio feels about it.

Mr. TAFT. Mr. President, I have no objection to that amendment. It also strikes out certain language.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 9, beginning with line 3, it is proposed to strike out through line 3 on page 16.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. TAFT. Mr. President, I now offer an amendment to strike out the remainder of the bill from page 16, and insert the committee amendment beginning at page 3 of the so-called Flanders amendment. My amendment would strike out that portion of the bill beginning on page 16, after line 3, down to the end of the bill, and insert the committee amendment beginning at the top of page 3.

The PRESIDENT pro tempore. The amendment will be noted in the RECORD. It is pending. It is probably unnecessary to read the amendment.

The amendment was to strike out that portion of the bill beginning on page 16, after line 3, down to the end of the bill, and to insert the committee amendment beginning at the top of page 3, as follows:

TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

TITLE VI AMENDMENTS

(a) Section 603 (a) is amended—

(1) by striking out "$5,350,000,000" and inserting in lieu thereof "$5,950,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $6,950,000,000";

(2) by striking out "April 30, 1948" in each place where it appears and inserting in lieu thereof "March 31, 1949";

(3) by striking out the period and adding a comma and the following: "and that, of the total authorization provided in this subsection, not less than $800,000,000 shall be made available for the insurance of mortgages on rental properties under section 608, and not less than $200,000,000 shall be made available for the insurance of mortgages on multifamily dwellings under section 603, on which commitments for insurance are issued subsequent to March 31, 1948".

(b) Section 603 (b) (5) is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided*, That the Administrator with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it."

(c) Section 608 (b) (3) (B) is amended by striking out the semicolon and the word "and" at the end of the first proviso and inserting in lieu thereof a colon and the following: "*And provided further*, That the principal obligation of the mortgage shall not, in any event, exceed 90 percent of the Administrator's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and".

(d) (1) Section 608 (b) (3) (C) is amended by striking out "$1,500 per room" and inserting in lieu thereof "$8,100 per family unit";

(2) Section 608 (b) (3) (C) is amended by striking out the colon and the proviso and inserting in lieu thereof a period.

(e) Section 609 is amended—

(a) By striking out all of paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Administrator providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of 30 days after the date of delivery of such houses, unless not less than 20 percent of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted, or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of 180 days from the date of delivery of such houses."

(b) By striking out the first and second sentences of paragraph (4) of subsection (b) and inserting in lieu thereof the following:

"The loan shall involve a principal obligation in an amount not to exceed 90 percent of the amount which the Administrator estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower."

(c) By adding at the end of subsection (f) the following new sentence: "The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section."

(d) By adding at the end thereof the following new subsection:

"(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Administrator is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the

lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 percent of the purchase price of the manufactured house or houses; have a maturity in excess of 180 days from the date of the note or bear interest in excess of 4 percent per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Administrator.

"(2) The Administrator is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

"(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 percent per annum from the date of default to the date the application is filed for the insurance benefits.

"(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

"(5) The Administrator is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 percent of the original principal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Administrator."

(f) Section 610 is amended by adding at the end thereof the following new paragraph:

"The Administrator is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Md.; and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, and any mortgage executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property which is the security for a mortgage insured pursuant to the provisions of this section."

(g) Title VI is amended by adding after section 610 the following new section:

"SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling units for not less than 25 families consisting of a group of single-family or two-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"(3) involve a principal obligation in an amount—

"(A) not to exceed 90 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

"(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows:

"(i) $8,100, or 90 percent of the valuation, whichever is less, with respect to each single-family dwelling, and

"(ii) $12,500, or 90 percent of the valuation, whichever is less, with respect to each two-family dwelling.

"With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section."

TITLE II AMENDMENTS

(h) Section 203 (b) (2) (B) is amended by striking out "$5,400" and inserting in lieu thereof "$6,300."

(i) Section 203 (b) (2) (C) is amended—

(1) by striking out "$8,600" and inserting in lieu thereof "$9,500";

(2) by striking out "$6,000" in each place where it appears and inserting in lieu thereof "$7,000";

(3) by striking out "$10,000" and inserting in lieu thereof "$11,000."

(j) Section 203 (b) is amended by striking out in paragraph numbered (3) the following: "of the character described in paragraph (2) (B) of this subsection" and inserting in lieu thereof the following: "on property approved for insurance prior to the beginning of construction."

(k) Section 203 (b) is amended as follows:

(1) By striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word "or" and adding the following new paragraph:

"(D) not to exceed $6,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence the construction of which is begun after March 31, 1949, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than $6,000 when he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent in the case of a 95-percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling, in which case the principal obligation shall not exceed 85 percent of the appraised value of the property."

(2) By striking out the period at the end of paragraph No. (3), and adding a comma and the following: "or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(3) By striking out the period at the end of paragraph No. (5), and adding a comma and the following: "or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(l) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words "section or section 210" and inserting in lieu thereof the word "title"; and (2) by striking out in said sentence (i) the words "under this section," and (ii) the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(2) Section 603 (c) is amended by striking out in the next to the last sentence the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(m) Section 204 (a) is amended—

(1) by striking out, in the last sentence, the following: "prior to July 1, 1944,";

(2) by inserting between the first and second provisos in the last sentence the following: "*And provided further*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount, not in excess of two-thirds of such cost or $75, whichever is the greater:".

(n) (1) Section 207 (b) is amended by amending paragraph No. (1) to read as follows:

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or."

(2) Section 207 (c) is amended by amending the first sentence to read as follows:

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"(1) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, not to exceed $50,000,000;

"(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvement; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided,* That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses; and

"(3) not to exceed $8,100 per family unit for such part of such property or project as may be attributable to dwelling use."

(o) (1) Section 207 (h) is amended by striking out, in paragraph No. (1), the words "paid to the mortgagor of such property," and inserting in lieu thereof the following: "retained by the Administrator and credited to the Housing Insurance Fund."

(2) Section 204 (f) is amended by inserting in clause No. (1), immediately preceding the semicolon, the following: "if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the Housing Insurance Fund if the mortgage was insured under section 207."

TITLE I AMENDMENTS

(p) Section 2 is amended:

(1) by striking out "$165,000,000" in subsection (a) and inserting in lieu thereof "$175,000,000";

(2) by striking out "$3,000" in subsection (b) and inserting in lieu thereof "$4,000";

(3) by striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: "*Provided,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of $10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as a hotel, apartment house, dwelling for two or more families, hospital, orphanage, college, or school:".

(4) by striking out the last sentence of subsection (b).

SEC. 102. In order to aid housing production, the Reconstruction Finance Corporation is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine: *Provided,* That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 percent of the purchase price of such equipment, plant, or machinery: *And provided further,* That the total amount of commitments for loans made and obligations purchased under this section shall not exceed 850,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.

SEC. 103. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by inserting immediately after section 510 thereof the following new section:

"INCONTESTABILITY

"SEC. 511. Any evidence of guaranty or insurance issued by the Administrator shall be conclusive evidence of the eligibility of the loan for guaranty or insurance under the provisions of this title and of the amount of such guaranty or insurance, except that nothing in this section shall preclude the Administrator from establishing, as against the original lender, defenses based on fraud or material misrepresentation, and except that the Administrator shall not, by reason of anything contained in this section, be barred from establishing, by regulations in force at the date of such issuance or disbursement, whichever is the earlier, partial defenses to the amount payable on the guaranty or insurance."

TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FHA INSURED MORTGAGES

PURPOSE

SEC. 201. It is the purpose of this title to provide, with appropriate safeguards against inflationary increases in housing costs and prices, a source of secondary credit for residential mortgage loans which have been insured under title II or title VI of the National Housing Act or guaranteed or insured under the Servicemen's Readjustment Act of 1944, in order to maintain an orderly market for such loans, to meet liquidity needs of financing institutions, and to encourage economically sound residential construction in any areas where the scarcity of such secondary credit develops to the extent of threatening the continued production and availability of housing for veterans and others.

CREATION OF NATIONAL HOME MORTGAGE CORPORATION AND LIQUIDATION OF FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 202. (a) There is hereby created in the Housing and Home Finance Agency a body corporate to be known as the National Home Mortgage Corporation (referred to in this title as the "Corporation") which shall be an agency and instrumentality of the United States. There shall be a President of the Corporation and all of the powers of the Corporation shall be vested in him. The Housing and Home Finance Administrator shall be the President of the Corporation.

(b) At such time as the Corporation shall determine, after funds become available therefor, it shall, after giving adequate advance notice to the Reconstruction Finance Corporation, purchase all residential loans held by the Reconstruction Finance Corporation by virtue of section 203 of Public Law 132, Eightieth Congress, approved June 30, 1947, and all residential loans held by the Federal National Mortgage Association (established pursuant to title III of the National Housing Act), at prices equal to the unpaid principal plus accrued interest on such loans, and such loans, together with all related rights, and such contracts, documents, and records as may be essential to the proper servicing and resale of the loans so purchased, shall be transferred to the Corporation. At the time of such transfer the Corporation shall assume all outstanding commitments of the Reconstruction Finance Corporation (acquired pursuant to said section 203) and the Federal National Mortgage Association to purchase any residential loans. With respect to the loans, commitments, related rights, contracts, documents, and records so transferred, "National Home Mortgage Corporation" is hereby substituted, for all purposes, for "Reconstruction Finance Corporation" and "Federal National Mortgage Association," as the case may be, and no suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation or the Federal National Mortgage Association shall abate by reason of the enactment of this act, but the court, on motion or supplemental petition filed at any time within 12 months after the date of such enactment, showing a necessity for the survival of the suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the National Home Mortgage Corporation. The Corporation shall have the same powers to service and sell loans transferred to it pursuant to this subsection as it has with respect to loans purchased under section 205.

(c) The Federal National Mortgage Association shall not purchase any mortgage or lien after the date of enactment of this title (except pursuant to a commitment prior to that date), and shall, after the transfer of its holdings to the National Home Mortgage Corporation as provided in subsection (b) of this section, proceed to liquidate its assets and wind up its affairs as rapidly and economically as feasible and in the public interest. For this purpose, the Association shall dispose of any remaining assets in such manner as it may determine to be in the public interest, pay all outstanding obligations, adjust and settle any claims against the Association, retire its capital stock at the amount paid by the Reconstruction Finance Corporation for such stock and the $1,000,000 paid-in surplus supplied by the Reconstruction Finance Corporation, and cover any remaining funds into the Treasury as miscellaneous receipts.

ADVISORY BOARD

SEC. 203. There shall be an advisory board to the Corporation which shall consist of the President of the Corporation, who shall serve as chairman, and the following or their designees: The Secretary of the Treasury, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Federal Housing Commissioner, the Chairman of the Home Loan Bank Board, and the Chairman of the Federal Deposit Insurance Corporation. The advisory board is authorized and directed to furnish information and advice to the Corporation on all matters of basic policy involved in the exercise of its powers with a view toward coordinating the operations of the Corporation with the general economic and fiscal policies of the Government and carrying out the purposes of this title.

CAPITAL STOCK AND ISSUANCE OF NOTES

SEC. 204. (a) The Corporation shall have a capital stock of $5,000,000 which shall be subscribed by the United States and paid by the Secretary of the Treasury in such amounts and at such times as requested by the Corporation. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000,000 which shall be available to pay the subscription to the capital stock of the Corporation. Receipt for such payment shall be issued to the Secretary of the Treasury by the Corporation and shall evidence the stock ownership of the United States. Net earnings of the Corporation (as determined by it) shall, after reasonable provision for possible losses, be used for pay-

ment of dividends on capital stock. Any such dividends shall be covered into the Treasury as miscellaneous receipts.

(b) The Corporation may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in a maximum amount not exceeding $250,000,000 plus an amount equal to the total purchase price paid for the loans purchased under the requirements of section 202 (b), except that with the approval of the President of the United States this maximum may be increased by an additional amount not exceeding $250,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Corporation with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Corporation. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Corporation issued hereunder and for such purposes is authorized to use as a public debt transaction the proceeds from the sale of securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. The Corporation may retire or redeem any notes or other obligations issued by it.

PURCHASE AND SALE OF LOANS

SEC. 205. For the purposes of this title, the Corporation is hereby authorized (in addition to the purchases required under sec. 202 (b)) to purchase, with or without recourse, to service, and to sell without recourse (at such price or prices and under such other terms and conditions as the Corporation may prescribe) (a) any residential loan which is insured under section 203, 207, 603, or 608 of the National Housing Act, or as amended at any time, and secured by a first lien on the realty, or (b) any loan guaranteed under section 501 of the Servicemen's Readjustment Act of 1944, or as amended at any time, and secured by a first lien on the realty, or (c) any loan guaranteed under section 505 (a) of said act or (d) any loan insured under section 508 of said act which could have been guaranteed under section 501 and is secured by a first lien on the realty or which could have been guaranteed under section 505 (a) of said act. The Corporation shall maintain separate accounts with respect to the purchase of (a) loans insured under the National Housing Act and (b) loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended. Any purchase of a loan pursuant to this section shall be made in accordance with regulations issued by the Corporation and shall be subject to the following qualifications:

(a) Purchases of loans shall be restricted to those areas in which the Corporation determines that a scarcity of a private secondary credit for such loans has developed to the extent of threatening the continued production and availability of sale or rental housing generally throughout the area and that such purchases by the Corporation would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities. No purchases of loans of any particular amount and character shall be made in any area unless the Corporation has determined that there is no active private market which is willing to purchase loans of that amount or character at prices which the Corporation considers to be appropriate, and the Corporation shall terminate or restrict any such purchases by it whenever it determines that the volume of such purchases contributes to substantial increases in costs and prices of housing facilities.

(b) No loan may be purchased if made prior to the effective date of this act.

(c) No loan may be purchased if the original principal obligation of the loan exceeds or exceeded $7,000 fo reach family residence or dwelling unit covered by the mortgage or other lien securing the loan: *Provided*, That the Corporation may prescribe a higher maximum amount or amounts, not exceeding $10,000 for each family residence or dwelling unit, if it finds at any time or in any area it is not feasible, within the limitations of a lower maximum amount or amounts, to construct or provide dwellings which meet sound standards of construction, design, and livability.

(d) No loan shall be purchased except from mortgagees or lienholders which the Corporation determines to be qualified by experience or facilities and approves for servicing the loan or performing any other obligation of the mortgagee or lien holder in connection with the loan.

(e) No purchase of a loan may be made unless supporting data satisfactory to the Corporation are submitted to show compliance with requirements prescribed by the Corporation with respect to the reasonable ability of the borrower to meet his payments, and the physical soundness of the property covered by the mortgage or other lien securing the loan.

Subject to the above qualifications, the regulations of the Corporation may contain such other conditions and provisions as the Corporation deems necessary to carry out the purposes of this title. Unless hereafter authorized by the Congress, the Corporation shall not purchase any loan under this title after June 30, 1950. At least 90 days prior to that date, the President shall submit to the Congress his recommendations as to any action or legislation with respect to the Corporation which may be necessary or desirable.

GENERAL POWERS OF CORPORATION

SEC. 206. For the purposes of this title, the Corporation—

(a) shall have succession in its corporate name;

(b) may adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) may adopt, amend, and repeal bylaws, rules, and regulations for the conduct of its business and the exercise of its powers; and may provide by regulation for a reasonable fee to be charged for the review of applications for the purchase of loans by the Corporation or for other services;

(d) may make contracts and purchase or otherwise acquire, hold, lease, and dispose (at public or private sale) of such real and personal property as may be necessary or incidental to the conduct of its business, and may accept donations of services and property;

(e) may sue and be sued in any Federal, State, or local court of competent jurisdiction: *Provided*, That the Corporation shall be entitled to such immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States Government: *And provided further*, That the Corporation shall be represented, at its request, in litigated matters by the Attorney General or such attorney or attorneys as he may designate;

(f) may (i) appoint, employ, and fix the compensation and duties of the Executive Vice President of the Corporation and such other officers, attorneys, experts, employees, and agents as the Corporation shall determine; (ii) delegate to them any of the powers and duties vested in the President of the Corporation and provide for the redelegation thereof; and (iii) require bond of such of them as the Corporation may designate and fix the penalties and pay the premium of such bond: *Provided*, That with the exception of experts and consultants, appointments shall be made pursuant to the civil-service laws and the Classification Act of 1923, as amended;

(g) may utilize, and exercise any powers through, the facilities, officers, and employees of the Federal Home Loan Banks, or of any department, agency, corporation, or establishment of the Government; and may (without regard to the civil-service laws and the Classification Act of 1923, as amended) contract with any such agency or any other agency or individual or private corporation for the furnishing of any services or facilities, including appraisal, management, title, and other work in connection with property, and contract to make payment or reimbursement for any services or facilities;

(h) may collect, compromise, and release contractual claims and obligations and pursue the same to final collection, institute proceedings for foreclosure on property covered by a mortgage or other lien, acquire any such property by voluntary conveyance or by purchase at foreclosure sale or otherwise, deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit at public or private sale any property acquired by the Corporation, acquire or continue insurance or guaranty of any mortgage or loan held by the Corporation, and take such other action as may be necessary to preserve or protect any loan, mortgage, or lien, or interest therein, or to realize on the value thereof;

(i) may determine the necessity for and the character of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for, subject to pertinent provisions of law applicable to Government corporations;

(j) shall be entitled to the use of the United States mails in the same manner and under the same conditions as the other executive agencies of the Government;

(k) may use any of the funds of the Corporation from any source to carry out any of its powers and duties and to pay any of its expenses or obligations; and

(l) may exercise all powers specifically granted by the provisions of this title and such incidental powers as are necessary to carry out the powers and duties of the Corporation.

TAXES

SEC. 207. The Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and property of any kind, shall be exempt from all taxation and special assessments now or hereafter imposed by the United States or by any Territory, dependency or possession thereof, or by any State, county, municipality or local taxing authority, except that any property acquired by the Corporation in foreclosure, or otherwise acquired to protect or realize on the value of a mortgage or other lien, shall be subject to taxation and assessment to the same extent, according to its value, as other property is taxed and assessed. All notes and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxes (except surtaxes, estate, inheritance, and gift taxes) by any State, county, municipality, or local taxing authority.

GENERAL STATUTES AND LIMITATIONS

SEC. 208. (a) All general criminal and penal statutes of the United States relating to public moneys, property, or employees of the United States shall apply to public moneys, property, and employees of the Corporation. No officer or employee of the Corporation shall participate in any matter affecting his

personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. No individual, association, partnership, or corporation shall use the words "National Home Mortgage Corporation," or any combination of these four words, as the name, or part thereof, under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not execeeding $1,000.

(b) The Corporation shall have no authority or obligation to adjust, settle, or pay any tort claim arising out of the acts or the negligence of the Corporation or its officers, employees, or agents except as provided in the Federal Tort Claims Act, as amended, or in the act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended.

(c) Section 101 of the Government Corporation Control Act, as amended, is hereby amended by adding the following before the period at the end thereof: "; and National Home Mortgage Corporation."

ANNUAL REPORT

SEC. 209. The Corporation shall make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 following the close of the fiscal year for which such report is made.

TITLE III—HOUSING RESEARCH

SEC. 301. To assist in progressively reducing housing costs and increasing the production of better housing, and in making available necessary data on housing needs, demand and supply, the Housing and Home Finance Administrator shall—

(a) undertake and conduct a program with respect to technical research and studies to develop, demonstrate, and promote the acceptance and application of new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing. Such program may be concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of homebuilding materials and equipment, improved residential design and construction, new and improved types of building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards, and may relate to appraisal, credit, and other housing market data, housing needs, demand and supply, finance and investment, land costs, use and improvement, site planning and utilities, zoning and other laws, codes and regulations as they apply to housing, other factors affecting the cost of housing, and related technical and economic research;

(b) prepare and submit to the President and to the Congress estimates of national housing needs and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation necessary or desirable for the furtherance of the national housing objective and policy established by this act, together with such other reports or information as may be required of the Administrator by the President or the Congress;

(c) encourage localities to make studies of their own housing needs and markets, along with surveys and plans for housing, urban land use and related community development, and provide, where requested and needed by the localities, technical advice and guidance in the making of such studies, surveys, and plans.

SEC. 302. In carrying out research and studies under this title, the Administrator shall utilize, to the full extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government; and the Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council. The Administrator is further authorized, for the purposes of this title, to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions and other nonprofit organizations. The Administrator shall disseminate the results of research and studies undertaken pursuant to this title in such form as may be most useful to industry and to the general public.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE IV—RENTAL HOUSING AIDS FOR FAMILIES OF MODERATE INCOME AND VETERANS

MORTGAGE INVESTMENT AIDS; VETERANS' COOPERATIVES

SEC. 401. (a) Section 207 (c) of the National Housing Act, as amended, is hereby amended as follows:

(1) By striking out the semicolon and the word "and" at the end of paragraph No. (2) as amended by this act, inserting in lieu thereof a colon, and adding the following new proviso: *"And provided further,* That, notwithstanding any of the provisions of this paragraph No. (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 90 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph No. (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(b) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the number "2" appearing in clause (ii) and inserting in lieu thereof "1."

(c) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(q) In order to assure an adequate market for mortgages on cooperative-ownership projects and rental-housing projects for families of lower income and veterans of the character described in the second proviso of paragraph No. (2) of subsection (c) of this section, the powers of the National Home Mortgage Corporation, and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

EQUITY INVESTMENT AIDS

SEC. 402. The National Housing Act, as amended, is hereby amended by adding the following new title:

"TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

"AUTHORITY TO INSURE

"SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Administrator is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Administrator shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the insured annual return) equal to such rate of return, not exceeding 2¾ percent per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided,* That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 percent of the established investment: *And provided further,* That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed $1,000,000,000.

"ELIGIBILITY

"SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

"(1) The Administrator shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

"(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Administrator as to quality, design, size, and type.

"(b) Any insurance contract executed by the Administrator under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

"PREMIUMS AND FEES

"SEC. 703. (a) For insurance granted pursuant to this title the Administrator shall fix and collect a premium charge in an amount not exceeding one-half of 1 percent of the outstanding investment for the operating year for which such premium charge

is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

"(b) With respect to any project offered for insurance under this title, the Administrator is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 percent of the estimated investment.

"RENTS

"SEC. 704. The Administrator shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Administrator, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Administrator shall find that such schedule accords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

"EXCESS EARNINGS

"SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 percent of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 percent of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

"FINANCIAL STATEMENTS

"SEC. 706. With respect to each project insured under this title, the Administrator shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Administrator, payment of any claim submitted by the investor may, at the option of the Administrator, be withheld, in whole or in part, until such statement shall have been submitted and approved.

"PAYMENT OF CLAIMS

"SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Administrator, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Administrator, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

"DEBENTURES

"SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 per centum of the established investment, the Administrator thereafter shall have the right, after written notice to the investor of his intention so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 percent of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Administrator title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Administrator may, at his option, terminate the insurance contract.

"(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 percent of the established investment, the investor shall thereafter have the right, after written notice to the Administrator of his intention so to do, to convey to the Administrator, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Administrator debentures having a total face value equal to 90 percent of the outstanding investment for such operating year.

"(c) Any difference, not exceeding $50, between 90 percent of the outstanding investment for the operating year in which a project is acquired by the Administrator pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Administrator to the investor from the Housing Investment Insurance Fund.

"(d) Upon the acquisition of a project by the Administrator pursuant to this section, the insurance contract shall terminate.

"(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Administrator, shall bear interest at a rate to be determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2¾ percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Administrator and stated on the face of such debentures.

"(f) Such debentures shall be in such form and in such denominations in multiples of $50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

"(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall have power, for the protection of the Housing Investment Insurance Fund, to pay out of said fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed $1,000.

"TERMINATION

"SEC. 709. The investor, after written notice to the Administrator of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Administrator shall prescribe the events and conditions under which said Administrator shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Administrator may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance

contract is terminated pursuant to this section, the Administrator may require the investor to pay an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

"INSURANCE FUND

"SEC. 710. There is hereby created a Housing Investment Insurance Fund which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Administrator such funds as the Administrator shall deem necessary, but not to exceed $10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Administrator under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall be credited to said Fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said Fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said Fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"RULES AND REGULATIONS

"SEC. 712. The Administrator may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations, relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Administrator; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Administrator may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

"DEFINITIONS

"SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Investor' shall mean (1) natural person; (2) any group of not more than 10 natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Administrator (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

"(b) 'Project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) or an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Administrator shall determine to be necessary or desirable appurtenances to such project.

"(c) 'Estimated investment' shall mean the estimated cost of the development of the project, as stated in the application submitted to the Administrator for insurance under this title.

"(d) 'Established investment' shall mean the amount of the reasonable costs, as approved by the Administrator, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Administrator shall determine to be necessary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceed the reasonable and proper expenses, as approved by the Administrator, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

"(e) 'Physical completion date' shall mean the last day of the calendar month in which the Administrator determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

"(f) 'Initial occupancy date' shall mean the last day of the calendar month in which 90 percent in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

"(g) 'Operating year' shall mean the period of 12 consecutive calendar months next following the initial occupancy date and each succeeding period of 12 consecutive calendar months, and the period of the first 12 consecutive calendar months next following the initial occupancy date shall be the first operating year.

"(h) 'Gross income' for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

"(i) 'Operating expenses' for any operating year shall mean the amounts, as approved by the Administrator, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real-estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Administrator shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

"(j) 'Net income' for any operating year shall means gross income remaining after the payment of the operating expenses.

"(k) 'Minimum annual amortization charge' shall mean an amount equal to 2 percent of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 percent of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

"(l) 'Annual return' for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

"(m) 'Insured annual return' shall have the meaning ascribed to it in section 701 hereof.

"(n) 'Minimum annual return' for any operating year shall mean an amount equal to 3½ percent of the outstanding investment for such operating year.

"(o) 'Excess earnings' for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return.

"(p) 'Outstanding investment' for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any during each preceding operating year applied, in addition to the minimum annual amortization charge, to

amortization in accordance with the provisions of section 705 hereof."

SEC. 403. Sections 1 and 5 of the National Housing Act, as amended, are hereby amended by striking out "titles II, III, and VI" wherever they appear in said sections and inserting in lieu thereof "titles II, III, VI, and VII."

SEC. 404. (a) The Internal Revenue Code is amended by inserting therein, immediately after the heading preceding section 111, the following new section:

"SEC. 110. Amortization Deduction.

"(a) General rule: Every person, at his election, shall be entitled to a deduction with respect to the amortization during the first 60 months after the completion of a housing amortization facility (as defined in subsection (d)) of the adjusted basis (for determining gain) of such housing amortization facility, based on an amortization period of 120 months. Such amortization deduction shall be an amount, with respect to each month of such 60-month period within the taxable year, equal to the adjusted basis of the facility at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the 120-month-amortization period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction above provided with respect to any month shall be in lieu of the deduction with respect to such facility for such month provided by section 23 (l), relating to exhaustion, wear and tear, and obsolescence.

"(b) Election of amortization: The election of the taxpayer to take the amortization deduction shall be made only by a statement to that effect in its return for the taxable year in which the facility was completed. The election shall be irrevocable.

"(c) Termination of amortization period: Upon the termination of the 60-month period, the taxpayer shall be allowed the deduction provided under section (l), beginning with the first month as to which the amortization deduction is not applicable, and the taxpayer shall not be entitled to any further amortization deductions with respect to the housing amortization facility.

"(d) Definition of housing amortization facility: As used in this section, the term 'housing amortization facility' means any facility, land, building, or part thereof, constructed for rental housing, to the extent constructed after March 15, 1948.

"(e) Taxability on sale of housing amortization facility: Anything to the contrary in this title notwithstanding, any gain realized upon the sale or other disposition of any property with respect to which any amortization deduction has been claimed shall to the extent of any such amortization deduction be considered gain recognized and taxable as ordinary income.

"(f) Life tenant and remainderman: In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years beginning after December 31, 1947.

TITLE V—SLUM CLEARANCE AND URBAN REDEVELOPMENT

LOCAL RESPONSIBILITY TO AID HOUSING COST REDUCTIONS

SEC. 501. In extending financial assistance under this title, the Administrator shall give consideration to the extent to which the appropriate local public bodies have undertaken a positive program of encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

LOANS

SEC. 502. (a) To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment. Such loans (outstanding at any one time) shall be in such amounts not exceeding the expenditures made by the local public agency as part of gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding 45 years from the date of the notes or bonds evidencing the loans), as may be deemed advisable by the Administrator. Such loans may be made subject to the condition that, if at any time or for any period during the life of the loan contract, the local public agency can obtain loan funds from sources other than the Federal Government at an interest rate lower than provided in the loan contract, it may do so with the consent of the Administrator at such time and for such period without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(b) To obtain funds for loans under this title, the Administrator may, on and after the 1st day of July 1948, issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury, in an amount not to exceed $10,000,000, which limit on such outstanding amount shall be increased by $200,000,000 on the 1st day of July 1949, and by further amounts of $200,000,000 on the 1st day of July in each of the years 1950, 1951, 1952, and 1953, respectively.

(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(d) Obligations, including interest thereon, issued by local public agencies for projects undertaken pursuant to this title, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 503. (a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency which are assisted under this title shall not exceed two-thirds of the aggregate of the net project costs, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid required with respect to the project pursuant to section 504.

(b) The Administrator may, on and after the 1st day of July 1948, contract to make capital grants with respect to projects to be assisted pursuant to this title aggregating not more than $100,000,000, which limit shall be increased by further amounts of $100,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively. Such contracts for capital grant shall be made subject to the condition that no funds shall be disbursed by the local public agency prior to July 1, 1949, in payment for the purchase of land in connection with the project being assisted under the contract. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 504. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which such contracts have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 503 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency which are assisted under this title to an amount not exceeding two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 510 (f) of land in such projects).

LOCAL DETERMINATIONS AND RESPONSIBILITIES

SEC. 505. Contracts for financial aid shall be made only with a duly authorized local public agency and shall require that—

(1) the redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

(2) when land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land

within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds are necessary to carry out the purposes of this title;

(3) there be a feasible method for the temporary relocation of families displaced from the project area, and that there are available or are being provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of such displaced families: *Provided*, That, in view of the existing acute housing shortage, each such contract shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1950, if in the opinion of the local governing body such demolition would result in undue hardship for the occupants of the structure.

GENERAL PROVISIONS

SEC. 506. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding any other law, shall—

(1) appoint a Director of Urban Redevelopment to administer under his general supervision the provisions of this title;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended as of the date of enactment of this Act;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended as of the date of enactment of this Act, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of loans and capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government;

(4) make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 following the close of the fiscal year for which such report is made.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local law of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired and owned;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

SEC. 507. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the redevelopment plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

SEC. 508. The President may at any time, in his discretion, transfer to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it may be sold at a price equal to its fair value for the uses specified in accordance with the redevelopment plan: *Provided*, That the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 509. In order to protect labor standards—

(1) any contract for financial aid pursuant to this title shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary of Labor, shall be paid by any contractor engaged on the project involved; and the Administrator may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

(2) the provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1940 ed., title 40, secs. 276b and 276c), shall apply to any project financed in whole or in part with funds made available pursuant to this title;

(3) any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report quarterly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 15 days after the close of each quarter and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

DEFINITIONS

SEC. 510. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Redevelopment area" means an area within which a project area is located and of such extent and location that the total area is appropriate for development or redevelopment.

(b) "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and (2) to indicate proposed land uses and building requirements in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

(c) "Project" may include (1) acquisition of land within (i) a slum area or other deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other area which is to be developed or redeveloped for predominantly residential uses and which prior to such development or redevelopment constitutes a deteriorated or deteriorating area or open urban land which because of obsolete platting or otherwise impairs the sound growth of the community or open suburban land essential for sound community growth; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelop" and derivatives thereof shall mean develop as well as redevelop.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in the form of (1) cash grants; (2) donations, at their cash value, of land, demolition or removal work, or site improvements in the project area; and (3) the cost or cash value of the provision by a municipality or other public body of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) such local

grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

(g) "Going Federal rate" means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined at the date the contract for loan is made. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

(i) "Administrator" means the Housing and Home Finance Administrator.

TITLE VI—LOW-RENT HOUSING

LOCAL RESPONSIBILITIES AND DETERMINATIONS; TENANCY ONLY BY LOW-INCOME FAMILIES

SEC. 601. The United States Housing Act of 1937, as amended, is hereby amended by adding the following additional subsections to section 15:

"(7) In recognition that there should be local determination of the need for public low-rent housing, the Authority shall not make any contract for financial assistance pursuant to this act with respect to any urban low-rent housing initiated after July 1, 1948—

"(a) unless the public housing agency has submitted an analysis of the local housing market demonstrating to the satisfaction of the Authority (i) that there is a need for such low-rent housing which cannot be met by private enterprise; and (ii) that a gap of at least 20 percent has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing (through new construction and existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and

"(b) unless the governing body of the locality involved has approved the provision of such low-rent housing, and the contract for financial assistance provides that the Authority shall approve the maximum income limits to be fixed with respect to the admission and continued occupancy of families in such housing, and that such maximum income limits as so approved shall at no time be changed without the prior approval of the Authority.

"(8) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall provide that a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (a) lived in an unsafe, insanitary, or overcrowded dwelling or had been displaced by a slum-clearance or land assembly and clearance project or by off-site elimination in compliance with the equivalent elimination requirement hereof, and (b) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing: *Provided*, That the requirement in (a) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than 5 years after July 1, 1948.

"(9) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency make periodic reexaminations of the net incomes of families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any families have increased beyond the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for continued occupancy in such housing, such families shall be required to move from the project if there are decent, safe, and sanitary dwellings available to them within their means and appropriate to their use."

VETERANS' PREFERENCE

SEC. 602. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By adding the following new subsection to section 10:

"(g) Every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans or servicemen), where application for admission to such housing is made not later than 5 years after July 1, 1948. As among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service-connected."

(b) By adding the following new subsection to section 2:

"(14) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 25, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 25, 1947."

(c) By adding the following sentence at the end of section 2 (1): "In determining net income for the purposes of tenant eligibility, the Authority is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government as pension or other compensation for disability or death occurring in connection with military service."

COST LIMITS

SEC. 603. The first sentence of section 15 (5) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any low-rent housing project completed after January 1, 1948, having a cost for construction and equipment of more than $1,250 per room (excluding land demolition, and nondwelling facilities); except that in any city or metropolitan district, as defined by the Bureau of the Census, the population of which exceeds 500,000, and in Alaska, any such contract may be entered into with respect to a project having a cost of construction and equipment of not to exceed $1,500 per room ($2,200 per room in the case of Alaska), excluding land, demolition, and nondwelling facilities, if in the opinion of the Authority such higher cost per room is justified by reason of higher costs of labor and materials and other construction costs: *Provided*, That if the Administrator with respect to any contract for financial assistance made before December 31, 1951, finds that in the geographical area of the low-rent housing project involved (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than $250 per room the limitations that would otherwise be applicable to such project hereunder."

PRIVATE FINANCING

SEC. 604. (a) In order to stimulate increasing private financing of low-rent housing and slum-clearance projects, the United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) The last proviso of subsection (b) of section 10 is repealed, and subsection (f) of said section is amended to read as follows: "Payments under annual contributions contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.";

(2) The following is added after section 21:

"PRIVATE FINANCING

"SEC. 22. To facilitate the enlistment of private capital through the sale by public housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing and slum-clearance projects, and to maintain the low-rent character of housing projects—

"(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect of the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated to convey to the Authority the project, as then constituted, to which such contract relates;

"(2) the Authority shall agree to reconvey the project, as constituted at the time of reconveyance, to the public housing agency by which it shall have been so conveyed or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Authority which are then in default. Any prior conveyances and reconveyances shall not exhaust the right to require a conveyance of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

"(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the

public housing agency as security for the payment of the principal and interest on any of its obligations, the Authority (notwithstanding any other provisions of this act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding 12 months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security: *Provided*, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the provisions of this act; and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.";

(3) Section 2 (10) is amended to read as follows:

"(10) The term 'going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That for the purposes of this act the going Federal rate shall be deemed to be not less than 2½ percent.";

(4) Section 9 is amended by striking the period at the end of said section and adding a colon and the following: "*Provided*, That in the case of projects initiated after July 1, 1948, loans shall not be made for a period exceeding 40 years from the date of the bonds evidencing the loan: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding 40 years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate.";

(5) Section 10 (c) is amended by striking the period at the end of the last sentence and adding a colon and the following: "*Provided*, That in the case of projects initiated after July 1, 1948, contracts for annual contributions shall not be made for a period exceeding 40 years from the date the first annual contribution for the project is paid: *And provided further*, That in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 percent of development or acquisition cost.";

(6) The first sentence of section 10 (c) is amended to read as follows: "Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges) an amount equal to such excess shall be applied, or set aside for application, to purposes which will effect a reduction in the amount of subsequent annual contributions.";

(7) Section 14 is amended by inserting the following after the first sentence: "When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be revised or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on the loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such revised or superseded contract: *Provided*, That contracts may not be revised or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged.";

(8) Section 20 is amended to read as follows:

"SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $800,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder, and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of the securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.";

(9) Section 2 (5) is amended to read as follows:

"(5) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-rent housing or slum-clearance project. The term 'development cost' shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings."

(b) The last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended, is amended by inserting before the colon, after the words "obligations of national mortgage associations", a comma and the following: "or such obligations of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Public Housing Administration: *Provided*, That such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of section 22 of the United States Housing Act of 1937, as amended, and that the maximum sum and the maximum period specified in such contract pursuant to said subsection 22 (b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations."

ANNUAL CONTRIBUTIONS AUTHORIZATION

SEC. 605. Section 10 (e) of the United States Housing Act of 1937, as amended, is hereby amended by inserting the following after the first sentence thereof: "With respect to projects to be assisted pursuant to this act, the Authority is authorized, in addition to the amount heretofore authorized, to enter into contracts, on and after the 1st day of July 1948, which provide for annual contributions aggregating not more than $32,000,000 per annum, which limit shall be increased by further amounts of $32,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively: *Provided*, That the contracts for annual contributions with respect to projects initiated after July 1, 1948, shall not provide for the development of more than 500,000 dwelling units without further authorization from the Congress."

TECHNICAL AMENDMENTS

SEC. 606. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) By adding to section 6 the following new subsection:

"(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, references therein to the United States Housing Act of 1937, as amended, shall include all amendments to said act now or hereafter adopted";

(2) By deleting from the proviso in section 10 (a) and in section 11 (a) the following: ", unless the project includes the elimination" and substituting the following: "unless, subsequent to the initiation of the project and within a period specified by the Authority, there has been or will be elimination";

(3) By amending the second sentence of subsection 13 (a) to read as follows: "The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or acquire (pursuant to section 22 or otherwise) any project which it previously owned or in connection with which it has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this act governing their administration and disposition.";

(4) By renumbering sections 22 to 30, inclusive, so that they become sections 23 to 31, inclusive.

TITLE VII—FARM HOUSING

SEC. 701. The Secretary of Agriculture and the Housing and Home Finance Administrator shall prepare a report on farm housing which report shall include—

(i) the relationship of farm housing to the entire farm economy;

(ii) the relationship of farm dwellings and related facilities to the operation and management of the farm;

(iii) the extent of the need for housing for farm owners and operators and for tenants, lessees, share croppers, and laborers;

(iv) the operation of existing Federal programs in aid of farm housing and their relationship to other Federal farm programs;

(v) factors which tend to prevent the provision of needed farm housing;

(vi) such other problems and subjects in the field of farm housing as the Secretary of Agriculture and the Housing and Home Finance Administrator may deem appropriate.

Said report, together with such recommendations as to necessary legislation and such other recommendations as the Secretary of Agriculture and the Housing and Home Finance Administrator may deem advisable, shall be transmitted to the Congress not later than January 15, 1949.

TITLE VIII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 801. Effective upon the date of enactment of this act, the Housing and Home Finance Administrator shall receive compensation at the rate of $16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of $15,000 per annum.

SEC. 802. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal.

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration.

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, the Public Housing Commissioner, and the National Home Mortgage Corporation, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U. S. C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed $300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator (except those imposed pursuant to titles II and V hereof), the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

ACT CONTROLLING

SEC. 803. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 804. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McCARTHY. Yesterday I submitted amendments lettered from C to P, inclusive, and asked that they be considered. In view of the fact that I did not obtain unanimous consent to take them up together, I stated that I would call them up separately for consideration. Is not the pending order of business my next amendment, the amendment lettered "E"?

The PRESIDENT pro tempore. No. Under the circumstances related by the Senator, any Senator who is recognized is entitled to offer an amendment after the disposition of any previous amendment. Therefore the amendment offered by the Senator from Ohio is in order.

Mr. TAFT. Mr. President, I should like to speak briefly, and more or less in a general way regarding the amendment which I have offered, which is the so-called committee substitute beginning at the top of page 3. This amendment replaces all but section 1 of the bill which I introduced last year, and which is known as the Taft-Ellender-Wagner bill. It represents changes which have been made by the committee; and while I am not entirely satisfied with some of them, and some of them may require amendment, in a general way they have brought the bill of last year up to date. Most of the substantive provisions are approximately the same.

This is a comprehensive housing bill. As Senators know, the attempt to write a housing bill and a housing policy began in 1944 with a subcommittee of the Committee on Reconstruction, which was headed by the Senator from Georgia [Mr. GEORGE]. Elaborate studies were made at that time, and the bill was developed as a long-term housing policy.

Roughly speaking, the Federal housing policy up to this time has proceeded in three separate groups, besides many minor groups. In general we have two large-scale pieces of legislation to provide for private housing, and one to provide for public housing.

The first is the Federal Home Loan Bank Act, which, through Federal home loan banks, finances building and loan associations and savings associations, which in turn lend money on houses.

The second is the FHA, by which the Government insures private mortgages for builders and for home owners.

The third is the United States Housing Act, under which, before the war, there was a great deal of low-cost housing. Apparently considerable emergency housing was built, which is not analagous at all to the so-called low-cost housing, but of which the Government still owns a very considerable amount. The principal problem in that connection is one of liquidation, because no one proposes that the Government own housing, whether public or private.

What we tried to do was to lay down one Government housing policy. A great many persons have asked me, "Why is the Federal Government concerned with housing at all? Why have any Federal action?" I can only say that it is a little late to ask such a question, because the Federal Government has been in the housing business. The difficulty is that we have had two or three different ideas. Certain individuals made studies to prove that particular programs were better than other programs, and we have had three or four separate agencies. In addition, there were about 10 other bureaus which built housing at one time or another. The effort here is to have a unified policy.

The policy presented in this bill is about nine-tenths private housing, to stimulate private housing by a number of different methods; and about one-tenth to stimulate public housing.

The bill has had a great deal of opposition because of the opposition to public housing. That relates to low-cost subsidized housing, housing with respect to which the rents are subsidized indirectly by the Federal Government, although the housing is owned by local subdivisions.

That is only one title of the entire bill. There has been very little objection to the remainder of it. As I look at the procedure, there will be a number of minor questions as we go through the various private housing sections, but the major battle on the bill probably relates to whether or not public housing shall be included. Personally I am in favor of including it; but the fact that one does not like public housing should be no argument against the bill as a whole. If the Senate approves public housing, it will be in the bill. If it does not, the remainder of the bill is a very valuable assistance, I think, in the long-term problem of constructing housing. Most of the housing built today is indirectly supported by Government action under the FHA, or through the Federal home loan banks.

Since the bill was first drafted, during the war, we adopted the so-called title VI. Title VI provides a more liberal form of FHA insurance than was considered sound in time of peace. Personally I should like to see it ended, but the pressure for continuing it is very strong; and the committee approved the so-called title VI amendments, the transitional period amendments, beginning at page 3 and running through page 12.

The amount involved is increased. The present title VI is changed somewhat by making the requirement that a considerable part of the insurance available shall be for rental housing. We have had much more difficulty in getting FHA and the Government to finance rental housing than to finance homes to be owned by citizens; and yet there is a very large demand for rental housing.

The general purpose of the changes in title VI—and that is all they are; it is not a new section at all—is to make more money available for rental housing; also to increase somewhat the figures which are permitted in costs, because of the rising costs, and to permit the Administrator to increase the rate of interest if he finds that that is necessary in order to get private money to finance the various mortgages. I shall not attempt to deal in detail with title VI. It is extended for one year. I feel that it is somewhat too generous in providing a 90-percent mortgage for any builder, so that a builder with practically no capital of his own can construct a large number of houses and sell them at whatever prices he may choose to charge. However, most of the houses built in the last year, I think, are under title VI, and it has been a great stimulation to the construction of housing. I feel that a 90-percent mortgage for a builder is somewhat high.

The long-term bill provides that there shall be an 80-percent mortgage available for builders. That would require them to have some actual cash capital—probably 10 percent. The long-term bill also provides that they shall have 85 percent when they build very low-cost houses, in order that less capital may be required to build low-cost houses than to build more expensive houses, so that there may be an inducement to build the lowest cost houses that can be built. In other words, the builders would have to put up practically only 5 percent. There is not much use in that law so long as we have title VI; but presumably title VI will expire at the end of this year. Then the other section will come into effect, and after that builders will get 80 percent on houses costing more than $6,000, in a general way, with some possibility of adjustment, and 85 percent on houses under that cost.

The other amendments to the FHA law which are included in title I are amendments designed, in general, to extend the FHA and to induce it to finance more rental housing, as well as to permit a more convenient method for financing universities and private institutions. Under this bill, almost any university could build a dormitory and could get a mortgage to be insured by the FHA.

The bill provides for cooperative veterans' associations and other cooperative ventures in housing to be financed by mortgages to be insured by the FHA.

In general, the bill is designed to make the FHA more extensive and more available. The FHA has done the best single job in housing. It has succeeded in getting a uniform rate of interest established throughout the country for housing, eliminating the old second mortgages, which used to have rates of interest running up to 10 percent, 12 percent, or even 15 percent. Now all the deferred purchase money is handled under one mortgage. The FHA has set a pattern of housing finance by which the deferred purchase money is paid for, on the average, in approximately 13 years, for both principal and interest. That procedure has reduced very much the finance charges for housing.

Today, however, the difficulty with housing is no longer the expense of financing. That has been brought down about as low as it is possible to do, although in this bill we try to make it a little lower. The principal difficulty with housing, as of today, is the actual cost of construction; in other words, the cost of the labor and the materials which go into the housing. That problem is not solved, and I think it is going to be very difficult to solve it.

The bill contains a provision for setting up a corporation to provide a secondary market for GI home loans and FHA insured mortgages. That is title II, beginning on page 20. We found that today the GI mortgages are very difficult to obtain, because many of the smaller banks are filled up with all the mortgages they want. The rate of interest is not very attractive. It was felt that if we were going through at all with the promise to finance homes for veterans, the Federal Government would have to be prepared to take some of those mortgages off the hands of the banks, in order to make more money available in the banks for other such mortgages. I would hope that we might not have to continue this operation for long.

There are a number of restrictions. It is limited to $500,000,000 of purchases of such mortgages, and they can be purchased only where the Corporation determines that additional private credit cannot possibly be obtained. This provision was inserted by the committee, and no doubt the members of the committee will explain it somewhat more than I shall do at the present time.

Title III deals with housing research. It begins on page 34. The Senator from Wisconsin has a slightly different provision which he may offer as an amendment. I think both of them would enable the Housing Administrator to make the studies that are desirable in the effort to try to find a way to reduce the cost of housing.

Primarily, the housing problem arises from the fact that housing is too expensive for the income of the people. Low-income families which are able to purchase sufficient food and adequate clothing for themselves find they are unable to obtain decent housing because the cost of housing is so high that the rental is beyond their means. The reason we have slums is that a large number of people are unable to pay the rents which have to be charged for decent housing, considering what the present cost of housing is.

The provision on page 37 deals further with the extension of the FHA. In fact, I covered it when I was discussing title II.

On page 39 is a new and experimental provision. It was in the bill the Senate passed last year; but the provision in the pending bill extends the insurance principle so that the Government will undertake to insure equity investments in large subdivisions as made by insurance companies or large estates. The Government hereby undertakes to say that if they will conform to various requirements the Government will guarantee a 2¾-percent return on the money invested.

The great difficulty in housing is to get equity money into housing, particularly rental housing. Insurance companies have done this on their own; but without such a guaranty they have, as a rule, not succeeded in getting their rents any lower than any other private builder can get them. Under this guaranty, they have to limit their returns. So, although they can get a guaranty of 2¾ percent, they cannot obtain more than a certain maximum return. Perhaps the Senator from Vermont [Mr. FLANDERS] can tell me that figure. I should like to have him state the maximum return which insurance companies can obtain. Of course, 2¾ percent is the guaranty.

Mr. McCARTHY. Mr. President, will the Senator permit me to answer that question?

Mr. TAFT. Certainly.

Mr. McCARTHY. Under my amendment, rentals are set to yield 3½ percent, and I assume that is identical to the provision in the Senator's bill.

Mr. TAFT. Yes, they can set their rents at such a level as to obtain as much as 3½-percent return, and 2¾-percent return is guaranteed. Whether that provision will be used by insurance companies, I do not know. However, I think

it is worth trying, because today a very large amount of the savings of the people has been consolidated in insurance companies; and that money has been available primarily for investment, not for mortgages. With this guaranty, we make available the savings of millions of policy holders for equity investment in housing, if this provision works. I do not think it can possibly do any harm, and it may succeed in stimulating a large number of insurance companies into developing large-scale housing projects. Projects developed in that way are much safer because they are protected against deterioration of the neighborhood. They must necessarily be well planned. In general, the insurance companies consider such an investment to be a safe one.

Title V is the urban redevelopment section. It is a section which, briefly, has no direct relationship to housing. It does have a direct relationship to slum clearance. It provides a plan to be used if a city decides to clean up an area. Last month, I saw in St. Louis such an area, where a large number of blocks practically in the middle of the city have so deteriorated that they have simply become slums; and the city of St. Louis has an elaborate plan by which it will purchase approximately 100 blocks or more, tear them all down, and replan the site, with some areas set aside as boulevards and other areas devoted for other public purposes. Under this provision, the property would be sold for private housing. If public housing is made legal, some of the property could be used for public housing. But the provision separates entirely the slum-clearance problem from the public-housing problem, to which latter subject many persons have objected.

What will happen is, roughly, this: The city will buy the land, and will replan it and revalue it. The Federal Government will pay two-thirds of the cost of clearing the land. It will pay nothing for reconstruction purposes; but inevitably there will be some loss in the slum-clearance operation. Inevitably the buildings will cost more and tearing them down will cost more than the land will be worth after the city has obtained it. Roughly speaking, this measure proposes that the Federal Government by grant shall take care of two-thirds of the loss the city suffers in that connection. For that purpose there is provided a total of $500,000,000 during the next 5 years. I imagine it will take a good deal longer than that to use it. Practically the only city I know of that is ready to go ahead is St. Louis, which is very much interested in the proposal. In general all our cities, particularly the older ones, are faced more and more with the slum problem, and private builders are almost all in favor of this provision, because they say, "It is the way to clear the slums, and we do not need public housing."

My own feeling is that, after the slums have been cleared away, unless there is public housing, other slums will very rapidly develop somewhere else, by reason of the inevitable deterioration and the fact that people will not and cannot pay the rent which is attempted to be charged for better property.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Missouri.

Mr. DONNELL. Would the Senator have any objection to my inserting in the RECORD at this point a copy of a telegraphic message recently received by myself from the mayor of the city of St. Louis, with respect to this matter?

Mr. TAFT. No, certainly not. I should be delighted to have it placed in the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

ST. LOUIS, MO., *April 10, 1948.*

United States Senator FORREST C. DONNELL,
Senate Office Building:

Respectfully urge your vigorous support of Taft-Ellender-Wagner housing bill. Although St. Louis is contemplating large bond issue to further slum clearance and provide additional decent housing, neither private capital nor local government alone and unassisted can perform titanic task of rebuilding decayed and blighted areas which afflict virtually every city in America. Aid of Federal Government is imperative in all-out war on slums and substandard housing.

ALOYS KAUFMANN,
Mayor.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TAFT. If the Senator from Wisconsin does not mind, I should prefer to finish.

Mr. McCARTHY. Very well.

Mr. TAFT. Mr. President, title VI, then, is the public housing section. I think I shall not try to deal with that at the present time, because it will no doubt be the subject of controversy and debate, and I should rather discuss it at that time. Roughly speaking, it provides for the construction altogether of 500,000 units over a period of 5 years, I think, according to the amendment. With respect to the guaranty of the Federal Government, at the end, would amount to about $160,000,000 a year for 40 years. The provision would be in the nature of a direct subsidy of rents, and would offer rents probably in the neighborhood of $5 a room, which is about the standard which previously existed. It may be somewhat higher than that in view of increasing costs and the general increase in income.

The original title VII directs the Secretary of Agriculture and the Housing and Home Finance Administrator to prepare a report on farm housing. The Taft-Ellender-Wagner bill contained a rather elaborate farm-housing provision, which was never very satisfactory to me. We asked the Secretary of Agriculture to study the problem and present a plan, which he did. We incorporated it in the bill without any very extensive study. The farm organizations are not satisfied with it. It is a much more complicated problem even than city housing, because of the fact that the house is an economic unit along with the farm and inseparable from the farm. The committee decided they would rather provide simply for a further study and report by the Secretary of Agriculture and the Housing Administrator. Title VIII contains various administrative provisions.

Altogether, Mr. President, the bill, as a long-term bill, is intended to stimulate private housing by every possible means, among others, by enabling the FHA to assist in financing mortgages. It is intended to cover public housing to the extent of about 500,000 additional units. The whole bill was designed originally, I might say, as a long-term proposition, not to meet a particular shortage situation. In fact, the general idea was, during the war, that after the war was over building materials of all kinds would be available in unlimited quantities, both for public and private housing, and all the needed houses could be built. That has not been the condition up to this time, and so there has been some proper objection from the point of view of the private builders who say that an increase in public housing will simply reduce the amount of private housing. I think we have already passed that point. It will take any public housing probably another year to get started anyway, since elaborate contracts and plans must be made; so I feel that we can now proceed with the long-term program, in the meantime continuing for 1 year the emergency FHA provisions of title VI.

Mr. President, I very much hope that the bill may be finally approved. I shall deal with the question of public housing when it arises.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I have one or two questions to ask the Senator from Ohio. I have not seen his amendment; but from his analysis of it——

Mr. TAFT. Mr. President, the Senator must have seen my amendment, because it is the committee amendment which the Senator approved. The only provision that is not included is the first section, covering the declaration of principles. Otherwise it is the same as the committee bill; there is nothing new about it.

Mr. McCARTHY. I did not approve it; I voted against it. In other words, this is the amendment which the committee reported by a vote of 6——

Mr. TAFT. I understand that. The Senator was on the committee which considered it, and he voted against it. What I want to make clear to the Senate is that it is not a new amendment. It has been in the bill.

Mr. McCARTHY. I want to know whether it is a new amendment, or whether the Senator has taken that which the Senator from Vermont [Mr. FLANDERS] proposed, so I may know what is in it.

Mr. TAFT. The Senator from Vermont offered an entire substitute. I have offered simply an amendment from page 16 of the original bill. But it is primarily the committee amendment. My suggestion is that if the Senator from Wisconsin wants to offer amendments, I think he should offer them now to the committee amendment rather than to the original bill.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I received an objection to the bill, to the effect that it permits, as the old bill did not, commercial banks to make the loans, whereas formerly the loans were made simply by investment houses. Will the Senator from Ohio give his opinion on that point, and state whether or not he thinks the amendment is necessary?

Mr. TAFT. Mr. President, that particular provision was the subject of controversy last year, and I removed it from my bill. I do not know what the committee did.

Mr. FLANDERS. Mr. President——

Mr. TAFT. I yield to the Senator from Vermont.

Mr. FLANDERS. I want to say that I likewise have had growing doubts as to the advisability of the provision, and I should therefore be glad to see it stricken out as being too controversial.

Mr. TAFT. I may say to the Senator, if he will offer an amendment at any time, the committee apparently will accept it.

Mr. SALTONSTALL. May I ask one more question of the Senator from Ohio, while I have the opportunity?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I read this morning and endeavored to understand some of the building statistics of last year. Is it reasonably correct to say that residential housing last year amounted to about twice the amount, in figures, of commercial and educational construction?

Mr. TAFT. In dollars?

Mr. SALTONSTALL. In dollars.

Mr. TAFT. I am afraid I do not know. I should think that is reasonably correct. It is, I know, by far the largest construction item of all.

Mr. SALTONSTALL. Therefore, as opposed to industrial, commercial, educational, and other construction, materials are today going into residential construction to a greater extent than into other forms of construction? Is that a correct statement?

Mr. TAFT. I think that is a correct statement.

Mr. SALTONSTALL. So that on the question to which the Senator referred a few moments ago, as to whether furnishing this money would result in less private construction and more public construction, there is some basis for saying that materials are in short supply today and are going principally into residential construction, is there not?

Mr. TAFT. They may be, although there does not seem any longer to be any great handicap in the obtaining of materials. There has been some discussion regarding the shortage of nails. They are now being made in sufficient quantity. I imagine the amount of steel going into other construction is larger than the amount of steel employed in the construction of homes. As the Senator knows, there is not a large amount of steel used in homes. There may be a bottleneck with regard to steel, but I question whether the amount required for homes is a serious problem.

Mr. SALTONSTALL. If the slum-clearance title were adopted, how much money would be involved in the next year, on the part of the Federal Government? Broadly speaking, does that involve much construction?

Mr. TAFT. I should think that during the next year it would not involve any construction at all. In fact, in all probability it would result in wrecking a number of houses and providing a great many bricks and other material derived from the tearing down of slums. I doubt very much that such work will get started within the next year.

Mr. SALTONSTALL. So if we go ahead with slum clearance, under this bill we would not be taking materials away from necessary construction in the next year and adding to the burdens of Government at a time when other expenses would have to be met in connection with rearmament, manpower, and so forth. Is that correct?

Mr. TAFT. I should say that not 1 cent of money for slum clearance would go into the construction of homes. If a city wanted to construct buildings on the cleared land someone would have to provide the necessary money. The bulk of materials to be used during the next 12 months will be almost all financed under the FHA, or the public-housing section. I should think it would be predominantly under the FHA. I think approximately 800,000 residential units have been constructed.

The total public housing would be limited the first year to 100,000. It could not possibly be more than one-eighth, possibly a great deal less. In public housing there must be a metropolitan housing authority, contracts must be worked out, and plans must be drafted and shown to the Federal authorities before a contract can be made. So I should say it would require a full year to get started on any public-housing project. I do not think it would involve any materials during the next 12 months. The FHA provision is the one that will require materials. The continued easy mortgage terms provided for in title VI undoubtedly will result in the construction of more houses than would otherwise be constructed, and that will require material.

Mr. SALTONSTALL. Slum clearance in the next year or two would be a matter of planning primarily. Is that correct?

Mr. TAFT. I should think so.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I wish to propound a parliamentary inquiry at the proper time. The amendment offered by the Senator from Ohio is now the pending amendment. If it is to be treated as an amendment, no other amendment can be offered to the original text of the bill until that amendment is disposed of. Is that correct?

The PRESIDING OFFICER (Mr. IVES in the chair). The Chair advises the Senator that his statement is not correct. Any perfecting amendment is proper.

Mr. BARKLEY. Under the theory that this amendment is a substitute?

The PRESIDING OFFICER. Yes.

Mr. TAFT. Mr. President, it is not a substitute, because title I, the declaration of national housing policy, is not touched at all. We have already stricken out title II and title III by amendment. This is an amendment to the remainder of the bill, beginning with title IV of the original bill.

The PRESIDING OFFICER. If the Chair correctly understands the situation, it is an amendment to strike out and insert.

Mr. TAFT. That is correct. But it is not a substitute.

Mr. BARKLEY. Mr. President, I was merely making an effort to clear up the parliamentary situation. Whether it be an amendment or a substitute, amendments to the language proposed to be stricken out are in order prior to the vote on the amendment offered by the Senator from Ohio.

The PRESIDING OFFICER. That is correct, as the Chair understands.

Mr. TAFT. Amendments to the amendment which I have offered are also in order.

The PRESIDING OFFICER. That is correct.

Mr. TAFT. I invite the presentation of such amendments.

Mr. BARKLEY. I agree with the Senator that the logical procedure would be to perfect the Senator's amendment by anyone who wishes to offer an amendment, rather than to wait until it is disposed of before offering amendments on the theory that it might be defeated.

The PRESIDING OFFICER. The Chair will remind the Senate that that procedure can be carried out only to the point of one degree, with reference to the question of amending a substitute.

Mr. TAFT. Or amending an amendment.

The PRESIDING OFFICER. Yes.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Colorado. He has been waiting for some time.

Mr. MILLIKIN. Mr. President, I am inquiring primarily to ascertain when would be the most appropriate time to bring up the question which I have in mind. Section 404 in the committee amendments would add section 110 to the Internal Revenue Code, to provide an optional amortization deduction for any rental housing facility constructed after March 15, 1948, to be in lieu of the depreciation allowances normally applicable. The proposed amortization allowances would be based on an amortization period of 120 months, to be taken by the taxpayer over the first 60 months after the completion of the housing facility, and at the end of the 60-month period the regular depreciation would be applicable.

I invite the distinguished Senator's attention to the fact that this is a subject matter very properly within the jurisdiction and, I believe, exclusively within the jurisdiction, of the Senate Finance Committee. It also involves a subject matter which is receiving most careful

consideration by the House Ways and Means Committee not only in connection with housing, but in a dozen different fields in which various new amortization provisions have been suggested.

Mr. TAFT. In answer to the Senator let me say that section 404, on page 58 of the Flanders amendment, the so-called committee amendments, was not in the original bill. It is the proposal of the Banking and Currency Committee, and I should prefer to have that committee handle it. I think now is a good time, if the Senator wishes to move to strike out section 404. It would be entirely agreeable to me. Then the matter could be debated at this time.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FLANDERS. Mr. President, this item of the bill was considered by the committee favorably and left out originally because we felt we have no right to put it in, for the reasons which the distinguished Senator from Colorado has so eloquently described. We were "sold" on the use of this provision that we finally decided to put it in, in order to bring the matter to an issue. We recognized the fact that it was outside our jurisdiction. We ask the cooperative consideration by the best means possible within the experience and judgment of the chairman of the Finance Committee, because we feel it is an exceedingly useful provision.

Mr. MILLIKIN. For the purposes of discussion let us assume it is a desirable thing; but, as I say, we are studying dozens of proposals in very important fields having to do with new amortization allowances. Frankly, our efforts will be very much embarrassed by a precedent established in this oblique fashion on a subject matter which is within the jurisdiction of the Senate Finance Committee and which is not within the jurisdiction of the Committee on Banking and Currency.

Mr. FLANDERS. Mr. President, although I should have to agree with the position taken by the Senator from Colorado, I should like to say a word or two with reference to the desirability of this particular provision in this particular place.

While there is in the bill a provision for yield insurance, it was discovered by investigation and after consultation with a considerable number of people that the yield insurance was not a very satisfactory way to accomplish the end desired. It requires a specialized bookkeeping setup by the Federal authority. It requires that the cost accounting be of an authorized type. It requires a great deal of red tape. It is so much simpler to obtain the same result by this simple process of accelerated amortization that we took this as the preferable alternative.

If the Senator from Colorado can assure us that this provision will have attention, if he can assure us that the Banking and Currency Committee will have an opportunity to appear on this subject, it seems to me that perhaps is all we can ask of the chairman of the Committee on Finance.

Mr. MILLIKIN. Mr. President, I do not want to overpromise in this matter. The subject is being very diligently studied by the House Ways and Means Committee. The Senate Committee on Finance will not go into the matter until after the House completes its labors. Therefore I do not know where the Banking and Currency Committee could go at the present time, except to the House Ways and Means Committee, and I do not know what the result would be if that were done. I must necessarily base myself primarily on the constitutional point as to the initiation of revenue measures and on the proposition that the Banking and Currency Committee has proposed something which is clearly outside its jurisdiction, and is clearly within the jurisdiction of the Senate Committee on Finance.

If it were an unimportant matter, if deep questions of principle were not involved, we might be able to blink it, but the whole question of amortization, as I have said before, runs across a dozen or two dozen different subjects which have been presented to the Committee on Finance and to the House Ways and Means Committee with great earnestness in different fields. A precedent in the pending bill might be very crippling to our effort to do justice in other fields.

Mr. FLANDERS. With due humility, may I inquire whether accelerated depreciation applied to this particular type of capital asset has been under the consideration of the Finance Committee or the House Ways and Means, so far as the chairman of the Finance Committee knows?

Mr. MILLIKIN. It has been my understanding that the House Ways and Means Committee has considered accelerated depreciation in the field of national housing.

Mr. McCARTHY. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I should like to ask the Senator from Colorado to withhold offering any amendment of the kind suggested, for the reason that I understand under the parliamentary rules we are first allowed to perfect Senate bill 866. I have perfecting amendments which contain an accelerated depreciation provision. It is not nearly so broad, however, as the accelerated depreciation provision in the amendment of the Senator from Vermont and the Senator from Ohio. My amendments provide for accelerated depreciation, but only, first, to equity investors, and, second, only where the rent for the rental units is below a certain figure.

Originally we were concerned for fear we were invading the province of the Senator's committee. We went into that in great detail, and we decided—and we had no advice to the contrary from the parliamentarians or their legal staff—that as this was merely incidental to the housing bill it was definitely within the jurisdiction of the Committee on Banking and Currency. I do think that if we should go so far as the provision in the bill of the Senator from Vermont we would be invading the province of the Committee on Finance.

I earnestly hope the Senator from Colorado will withhold offering his amendment, first, in order to see whether or not the Senate will accept my amendment to the original Senate bill 866.

Mr. MILLIKIN. Mr. President, I would be required to raise a point of order or to make an appropriate motion against any kind of an amendment or any kind of a provision in the bill which would touch the important subject of taxation, which I regard as distinctly within the province of the Senate Committee on Finance and distinctly not within the province, directly or indirectly, of any other committee.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. May I raise a point of order on the inclusion in the bill of the provision in question?

The PRESIDING OFFICER. The Chair will observe in this connection that the inquiry of the Senator from Colorado raises a question of a constitutionality, and that a question of constitutionality must be passed on by the Senate itself. Does the Senator from Colorado desire to raise that question?

Mr. MILLIKIN. Would it be in order for me to move now to strike out the section?

The PRESIDING OFFICER. It definitely would be, based on the question of constitutionality, at any time.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. Am I correct in believing that perfecting amendments to the text of the original bill occurring subsequently to page 16 would now take precedence over any amendments to the amendment offered by the Senator from Ohio as a substitute? If so, I have several amendments to offer to the original bill.

The PRESIDING OFFICER. In order to clarify the atmosphere, the Chair would like to read a statement pertaining to this whole subject, which does not, by the way, deal with the aspect of constitutionality, but clarifies some of the other questions.

The amendment of the Senator from Ohio proposes to strike out all of the original text of the bill after line 3 on page 16, and in lieu thereof to insert all of the substitute committee amendment after page 2 thereof.

Under the precedents of the Senate, the committee amendment, being a complete substitute for the original text of the bill, is not regarded, for the purpose of amendment, as an amendment in the first degree, but as text. Therefore the amendment proposed by the Senator from Ohio is an amendment in the first degree only, and is open to amendment in one further degree.

The amendment of the Senator from Ohio is a motion to strike out and insert. Under rule XVIII it is specifically provided that—

> Pending a motion to strike out and insert, the part to be stricken out and the part to be inserted shall each be regarded for the purpose of amendment as a question; and motions to amend the part to be stricken out shall have precedence.

Under this provision of the rule, an amendment to that part of the original bill proposed to be stricken out by the amendment of the Senator from Ohio would be in order as an amendment in the first degree, and would take precedence over the substitute proposed by the Senator from Ohio, and also over any amendment proposed to the substitute.

An amendment to the original text would be subject to amendment in one further degree.

Mr. McCARTHY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Wisconsin?

Mr. MILLIKIN. I yield.

Mr. McCARTHY. If the Senator from Colorado, after reading the provision dealing with this subject in my amendment, still feels strongly that it definitely invades the province of his committee, I shall have no objection to striking that particular provision from my amendment.

The PRESIDING OFFICER. Does the Senator from Colorado desire to yield for that purpose?

Mr. MILLIKIN. I yield for that purpose.

Mr. McCARTHY. I will not read the amendment at this time. I will wait until I secure the floor, so I can bring it up in order.

Mr. MILLIKIN. When will the Senator reach that amendment?

Mr. McCARTHY. I can give it to the Senator now. It is in title I. It is very restricted.

Mr. MILLIKIN. I should like to ask the Senator from Wisconsin when he will reach that amendment?

Mr. McCARTHY. I intend to begin with my amendment lettered "F" and go through with the others. When I shall reach the amendment in question depends on the length of the debate on each of my other amendments. I should like to reach it in order, otherwise the proceedings may be confusing.

Mr. MILLIKIN. I may not be present in the Senate Chamber when the Senator reaches the amendment we are speaking of, as I am obliged to leave shortly. Could the Senator bring it up out of order?

The PRESIDING OFFICER. The Chair suggests that in view of the constitutional aspect which the amendment seems to have, it ought to be disposed of immediately.

Mr. MILLIKIN. Mr. President, I move that the language of the Taft substitute—committee amendments—beginning on page 58, after line 18, down to and including line 23 on page 60 be stricken on the ground that it is a revenue measure; that under the Constitution revenue measures must originate in the House of Representatives, and on the secondary ground that it is an invasion of the jurisdiction of the Senate Finance Committee.

The PRESIDING OFFICER. Without objection, the provision proposed to be stricken by the Senator from Colorado will be printed in the RECORD without reading.

The provision Mr. MILLIKIN proposes to be stricken is as follows:

SEC. 404. (a) The Internal Revenue Code is amended by inserting therein, immediately after the heading preceding section 111, the following new section:

"SEC. 110. Amortization Deduction.

"(a) General rule: Every person, at his election, shall be entitled to a deduction with respect to the amortization during the first 60 months after the completion of a housing amortization facility (as defined in subsection (d)) of the adjusted basis (for determining gain) of such housing amortization facility, based on an amortization period of 120 months. Such amortization deduction shall be an amount, with respect to each month of such 60-month period within the taxable year, equal to the adjusted basis of the facility at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the 120-month-amortization period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction above provided with respect to any month shall be in lieu of the deduction with respect to such facility for such month provided by section 23 (l), relating to exhaustion, wear and tear, and obsolescence.

"(b) Election of amortization: The election of the taxpayer to take the amortization deduction shall be made only by a statement to that effect in its return for the taxable year in which the facility was completed. The election shall be irrevocable.

"(c) Termination of amortization period: Upon the termination of the 60-month period, the taxpayer shall be allowed the deduction provided under section 23 (l), beginning with the first month as to which the amortization deduction is not applicable, and the taxpayer shall not be entitled to any further amortization deductions with respect to the housing amortization facility.

"(d) Definition of housing amortization facility: As used in this section, the term "housing amortization facility" means any facility, land, building, or part thereof, constructed for rental housing, to the extent constructed after March 15, 1948.

"(e) Taxability on sale of housing amortization facility: Anything to the contrary in this title notwithstanding, any gain realized upon the sale or other disposition of any property with respect to which any amortization deduction has been claimed shall to the extent of any such amortization deduction be considered gain recognized and taxable as ordinary income.

"(f) Life tenant and remainderman: In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years beginning after December 31, 1947.

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado.

The motion was agreed to.

The PRESIDING OFFICER. The motion having been agreed to, the language previously indicated is stricken from the Taft amendment.

Mr. McCARTHY. Has the Senator from Colorado concluded?

Mr. MILLIKIN. Will the Senator now bring up his amendment so we may dispose of it?

Mr. McCARTHY. I shall act in accordance with the action just taken and move to strike from my amendment the similar language when the amendment is reached.

Mr. MILLIKIN. Very well.

The PRESIDING OFFICER. Does the Senator from Colorado yield the floor?

Mr. McCARTHY. Mr. President, I now offer my amendment lettered "F," and ask that immediate action be taken thereon.

The PRESIDING OFFICER. Is the Senator from Wisconsin willing to have the amendment printed in the RECORD, due to its length? It will require some time to read the amendment.

Mr. McCARTHY. I think the amendment might very well be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment proposed by Mr. McCARTHY is as follows:

On page 16, after line 3, insert the following:

"TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FHA INSURED MORTGAGES

"PURPOSE

"SEC. 201. It is the purpose of this title to provide, with appropriate safeguards against inflationary increases in housing costs and prices, a source of secondary credit for residential mortgage loans which have been insured under the National Housing Act or guaranteed or insured under the Servicemen's Readjustment Act of 1944, in order to maintain an orderly market for such loans, to meet liquidity of needs of financing institutions, and to encourage economically sound residential construction in any areas where the scarcity of such secondary credit develops to the extent of threatening the continued production and availability of housing for veterans and others.

"CREATION OF NATIONAL HOME MORTGAGE CORPORATION AND LIQUIDATION OF FEDERAL NATIONAL MORTGAGE ASSOCIATION

"SEC. 202. (a) There is hereby created in the Housing and Home Finance Agency a body corporate to be known as the National Home Mortgage Corporation (referred to in this title as the 'Corporation') which shall be an agency and instrumentality of the United States. There shall be a President of the Corporation and all of the powers of the Corporation shall be vested in him. The Housing and Home Finance Administrator shall be the President of the Corporation.

"(b) At such time as the Corporation shall determine, after funds become available therefor, it shall, after giving adequate advance notice to the Reconstruction Finance Corporation, purchase all residential loans held by the Reconstruction Finance Corporation by virtue of section 203 of Public Law 132, Eightieth Congress, approved June 30, 1947, and all residential loans held by the Federal National Mortgage Association, at prices equal to the unpaid principal plus accrued interest on such loans, and such loans, together with all related rights, and such contracts, documents, and records, as may be essential to the proper servicing and resale of the loans so purchased, shall be transferred to the Corporation. At the time of such transfer the Corporation shall assume all outstanding commitments of the Reconstruction Finance Corporation (acquired pursuant to said sec. 203) and the Federal National Mortgage Association to purchase any residential loans. With respect to the loans, commitments, related rights, contracts, documents, and records so transferred, 'National Home Mortgage Corporation' is

hereby substituted, for all purposes, for 'Reconstruction Finance Corporation' and 'Federal National Mortgage Association', as the case may be, and no suit, action, or other proceedings lawfully commenced by or against the Reconstruction Finance Corporation or the Federal National Mortgage Association shall abate by reason of the enactment of this act, but the court, on motion or supplemental petition filed at any time within 12 months after the date of such enactment, showing a necessity for the survival of suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the National Home Mortgage Corporation. The Corporation shall have the same powers to service and sell loans transferred to it pursuant to this subsection as it has with respect to loans purchased under section 205.

"(c) The Federal National Mortgage Association (established by the Reconstruction Finance Corporation under title III of the National Housing Act) shall not purchase any mortgage or lien after the date of enactment of this title (except pursuant to a commitment prior to that date), and shall, after the transfer of its holdings to the National Home Mortgage Corporation as provided in subsection (b) of this section, proceed to liquidate its assets and wind up its affairs as rapidly and economically as feasible and in the public interest. For this purpose, the Association shall dispose of any remaining assets in such manner as it may determine to be in the public interest, pay all outstanding obligations, adjust and settle any claims against the Association, retire its capital stock at the amount paid by the Reconstruction Finance Corporation for such stock, and the $1,000,000 paid-in surplus supplied by the Reconstruction Finance Corporation, and cover any remaining funds into the Treasury as miscellaneous receipts.

"ADVISORY BOARD

"SEC. 203. There shall be an advisory board to the Corporation which shall consist of the President of the Corporation, who shall serve as Chairman, and the following or their designees: The Secretary of the Treasury, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Federal Housing Commissioner, the Chairman of the Home Loan Bank Board, and the Chairman of the Federal Deposit Insurance Corporation. The advisory board is authorized and directed to furnish information and advice to the Corporation on all matters of basic policy involved in the exercise of its powers with a view toward coordinating the operations of the Corporation with the general economic and fiscal policies of the Government and carrying out the purposes of this title.

"CAPITAL STOCK AND ISSUANCE OF NOTES

"SEC. 204. (a) The Corporation shall have a capital stock of $5,000,000, which shall be subscribed by the United States and paid by the Secretary of the Treasury in such amounts and at such times as requested by the Corporation. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000,000 which shall be available to pay the subscription to the capital stock of the Corporation. Receipt for such payment shall be issued to the Secretary of the Treasury by the Corporation and shall evidence the stock ownership of the United States. Net earnings of the Corporation (as determined by it) shall, after reasonable provision for possible losses, be used for payment of dividends on capital stock. Any such dividends shall be covered into the Treasury as miscellaneous receipts.

"(b) The Corporation may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in a maximum amount not exceeding $250,000,000 plus an amount equal to the total purchase price paid for the loans purchased under the requirements of section 202 (b), except that with the approval of the President of the United States this maximum may be increased by an additional amount not exceeding $250,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Corporation with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Corporation. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Corporation issued hereunder and for such purposes is authorized to use as a public debt transaction the proceeds from the sale of securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. The Corporation may retire or redeem any notes or other obligations issued by it.

"PURCHASE AND SALE OF LOANS

"SEC. 205. For the purposes of this title, the Corporation is hereby authorized (in addition to the purchases required under section 202 (b)) to purchase, with or without recourse, to service, and to sell without recourse (at such price or prices and under such other terms and conditions as the Corporation may prescribe) (a) any residential loan which is insured under section 2, 203, 207, 603, or 608 of the National Housing Act, or as amended at any time; or (b) any loan guaranteed under section 501 of the Servicemen's Readjustment Act of 1944, or as amended at any time; or (c) any loan guaranteed under section 505 (a) of said act; or (d) any loan insured under section 508 of said act which could have been guaranteed under section 501 and is secured by a first lien on the realty or which could have been guaranteed under section 505 (a) of said Act. The Corporation shall maintain separate accounts with respect to the purchase of (a) loans insured under the National Housing Act and (b) loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended. Any purchase of a loan pursuant to this section shall be made in accordance with regulations issued by the Corporation and shall be subject to the following qualifications:

"(a) Purchases of loans shall be restricted to those areas in which the Corporation determines that a scarcity of a private secondary credit for such loans has developed to the extent of threatening the continued production and availability for sale or rental housing generally throughout the area and that such purchases by the Corporation would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities. No purchases of loans of any particular amount and character shall be made in any area unless the Corporation has determined that there is no active private market which is willing to purchase loans of that amount or character at prices which the Corporation considers to be appropriate, and the Corporation shall terminate or restrict any such purchases by it whenever it determines that the volume of such purchases contributes to substantial increases in costs and prices of housing facilities.

"(b) No loan may be purchased if the original principal obligation of the loan exceeds or exceeded $7,000 for each family residence or dwelling unit covered by the mortgage or other lien securing the loan: *Provided*, That the Corporation may prescribe a higher maximum amount or amounts, not exceeding $10,000 for each family residence or dwelling unit, if it finds that at any time or in any area it is not feasible, within the limitations of a lower maximum amount or amounts, to construct or provide dwellings which meet sound standards of construction, design, and livability.

"(c) No loan shall be purchased except from mortgagees or lienholders which the Corporation determines to be qualified by experience or facilities and approves for servicing the loan or performing any other obligation of the mortgagee or lienholder in connection with the loan.

"(d) No purchase of a loan may be made unless supporting data satisfactory to the Corporation are submitted to show compliance with requirements prescribed by the Corporation with respect to the reasonable ability of the borrower to meet his payments, and the physical soundness of the property covered by the mortgage or other lien securing the loan. Subject to the above qualifications, the regulations of the Corporation may contain such other conditions and provisions as the Corporation deems necessary to carry out the purposes of this title. Unless hereafter authorized by the Congress, the Corporation shall not purchase any loan under this title after June 30, 1950. At least 90 days prior to that date, the President shall submit to the Congress his recommendations as to any action or legislation with respect to the Corporation which may be necessary or desirable.

"GENERAL POWERS OF CORPORATION

"SEC. 206. For the purposes of this title, the Corporation—

"(a) shall have succession in its corporate name;

"(b) may adopt, alter, and use a corporate seal, which shall be judicially noticed;

"(c) may adopt, amend, and repeal bylaws, rules, and regulations for the conduct of its business and the exercise of its powers; and may provide by regulation for a reasonable fee to be charged for the review of applications for the purchase of loans by the Corporation or for other services;

"(d) may make contracts and purchase or otherwise acquire, hold, lease, and dispose (at public or private sale) of such real and personal property as may be necessary or incidental to the conduct of its business, and may accept donations of services and property;

"(e) may sue and be sued in any Federal, State, or local court of competent jurisdiction: *Provided*, That the Corporation shall be entitled to such immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States Government: *And provided further*, That the Corporation shall be represented, at its request, in litigated matters by the Attorney General or such attorney or attorneys as he may designate;

"(f) may (i) appoint, employ, and fix the compensation and duties of the Executive Vice President of the Corporation and such other officers, attorneys, experts, employees, and agents as the Corporation shall determine; (ii) delegate to them any of the

powers and duties vested in the President of the Corporation and provide for the redelegation thereof; and (iii) require bond of such of them as the Corporation may designate and fix the penalties and pay the premium of such bond: *Provided*, That with the exception of experts and consultants, appointments shall be made pursuant to the civil-service laws and the Classification Act of 1923, as amended;

"(g) may utilize, and exercise any powers through, the facilities, officers and employees of the Federal Home Loan Banks, or of any department, agency, corporation, or establishment of the Government; and may (without regard to the civil-service laws and the Classification Act of 1923, as amended) contract with any such agency or any other agency or individual or private corporation for the furnishing of any services or facilities, including appraisal, management, title, and other work in connection with property, and contract to make payment or reimbursement for any services or facilities;

"(h) may collect, compromise, and release contractual claims and obligations and pursue the same to final collection, institute proceedings for foreclosure on property covered by a mortgage or other lien, acquire any such property by voluntary conveyance or by purchase at foreclosure sale or otherwise, deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit at public or private sale any property acquired by the Corporation, acquire or continue insurance or guaranty of any mortgage or loan held by the Corporation, and take such other action as may be necessary to preserve or protect any loan, mortgage, or lien or interest therein, or to realize on the value thereof;

"(i) may determine the necessity for and the character of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for, subject to pertinent provisions of law applicable to Government corporations;

"(j) shall be entitled to the use of the United States mails in the same manner and under the same conditions as the other executive agencies of the Government;

"(k) may use any of the funds of the Corporation from any source to carry out any of its powers and duties and to pay any of its expenses or obligations; and

"(l) may exercise all powers specifically granted by the provisions of this title and such incidental powers as are necessary to carry out the powers and duties of the Corporation.

"TAXES

"SEC. 207. The Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and property of any kind, shall be exempt from all taxation and special assessments now or hereafter imposed by the United States or by any Territory, dependency or possession thereof, or by any State, county, municipality, or local taxing authority, except that any property acquired by the Corporation in foreclosure, or otherwise acquired to protect or realize on the value of a mortgage or other lien, shall be subject to taxation and assessment to the same extent, according to its value, as other property is taxed and assessed. All notes and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxes (except surtaxes, estate, inheritance, and gift taxes) by any State, county, municipality, or local taxing authority.

"GENERAL STATUTES AND RESTRICTIONS

"SEC. 208. (a) All general criminal and penal statutes of the United States relating to public moneys, property, or employees of the United States shall apply to public moneys, property, and employees of the Corporation. No officer or employee of the Corporation shall participate in any manner affecting his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. No individual, association, partnership, or corporation shall use the words 'National Home Mortgage Corporation,' or any combination of these four words, as the name, or part thereof, under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding $1,000.

"(b) The Corporation shall have no authority or obligation to adjust, settle, or pay any tort claim arising out of the acts or the negligence of the Corporation or its officers, employees, or agents except as provided in the Federal Tort Claims Act, as amended, or in the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes,' approved September 7, 1916, as amended.

"(c) Section 101 of the Government Corporation Control Act, as amended, is hereby amended by adding the following before the period at the end thereof: '; and National Home Mortgage Corporation.'

"ANNUAL REPORT

"SEC. 209. The Corporation shall make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 following the close of the fiscal year for which such report is made."

Mr. McCARTHY. First, I should like to explain why I insist on taking up the amendments piecemeal and perfecting the original Taft-Ellender-Wagner bill piecemeal. The subject, as Senators know, is very highly controversial. We have been drafting a bill for 6 months. The Committee on Banking and Currency differed on the Flanders amendments to the extent that when the question of reporting the amendments to the Senate was acted on it was voted out of the committee by a vote of 7 to 6. In order to have the bill intelligently perfected, I believe we must act in the manner I now propose.

I might also say for the benefit of the Senator from Ohio that I feel that if I did not proceed in this manner I would be actually breaching a promise which I made to him some months ago. At the time I submitted the measure setting up the Joint Housing Committee the Senator from Ohio indicated that he did not feel too kindly toward the establishment of a great number of committees which would not accomplish very much. He went along and cooperated in the passage of the measure only on the condition that at least one Member of the Senate would spend all his time following through the legislation to a conclusion.

Furthermore, I have assured some of the Members of the Committee on Banking and Currency—those who voted against the Flanders amendments—that I would bring up these amendments individually.

Mr. President, I think housing is presently perhaps the most important domestic problem before the Nation. Certainly we can afford to take the additional time to submit the amendments individually, and let each one stand or fall on its own merits.

My amendment lettered "F" deals with establishing a secondary market for GI loans and FHA-insured mortgages. There is no great number of differences between this amendment and that submitted by the Senator from Vermont and the one submitted by the Senator from Ohio. I assume the Senator from Ohio submitted the same amendment earlier today that the Senator from Vermont previously submitted.

There is, however, one very material difference. Unless the Senator from Vermont has changed his amendment since I read it last, in the section setting up a secondary market for GI loans and FHA insured mortgages, no provision is made for a secondary market for title I class 3 loans. By title I class 3 loans I am referring to loans upon construction which would not qualify for a section 603 or a section 203 loan. In other words, they would not qualify under title VI or title II, not because of the nature of the construction, not because of the soundness of the loan, but because both those sections, or the rules promulgated under them, provide that no loan shall be insured unless certain requirements are met, such as an improved street, all utilities being available, and so forth.

We have found it more true on the west coast and in the South, where the climate is warmer than in other sections of the country, that a large number of homes could be built for the lower-income groups under title I class 3 loans. My original reason for starting to draft this section setting up a secondary market was because of the situation in which contractors and others who were building found themselves when they tried to get a title I class 3 loan. That was the primary purpose of myself and of other Members of Congress in advocating the secondary market.

I find that for some reason the Senator from Vermont in redrafting this section left out what I think is the most important part of it. He makes no provision for a secondary market for title I class 3 loans. Unless we do that we will be channelizing a great amount of scarce material into the more expensive homes. Other than that, I believe there exists no material difference. With that explanation, I now move that my amendment lettered "F" be immediately considered and acted upon.

The PRESIDING OFFICER. The question is on amendment lettered "F" offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now call up my amendment lettered "E", which deals with title VI. I believe it was fully covered yesterday. Briefly: it provides an additional $1,600,000,000 authorization. We increased the loan maximum by a thousand dollars for the lower cost homes, and made one radical departure from the former title VI. We adopted a per unit limitation of $8,100 instead of a per room limitation. I understand that a number of Senators have amendments to offer to the section. I understand they all have in mind the same amendment, that is to increase the $8,100 to either $8,600 or $9,000. I frankly would have no serious objection to any amendment increasing the amount to $8,600. I believe to increase it to $9,000 would be making the figure slightly high and that it would tend to do what we want to avoid doing, namely, channelize building materials into more expensive homes rather than into cheaper homes.

With that explanation, I now move the adoption of my amendment E.

The PRESIDING OFFICER. Will it be satisfactory to the Senator from Wisconsin if his amendment lettered "E" is printed in the RECORD at this point without reading? It is rather a long amendment.

Mr. McCARTHY. That is satisfactory, Mr. President.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Wisconsin lettered "E" will be printed in the RECORD at this point.

The amendment proposed by Mr. McCARTHY is as follows:

On page 16, after line 3, insert the following:

"TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

"SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

"TITLE VI AMENDMENTS

"(a) Section 603 (a) is amended—

"(1) by striking out '$5,350,000,000' and inserting in lieu thereof '$5,950,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $6,950,000,000';

"(2) by striking out 'April 30, 1948' in each place where it appears and inserting in lieu thereof 'March 31, 1949';

"(3) by striking out the period at the end thereof and adding a comma and the following: 'and that, of the total authorization provided in this subsection, not less than $800,000,000 shall be made available for the insurance of mortgages on rental properties under section 608, and not less than $200,000,000 shall be made available for the insurance of mortgages on multifamily dwellings under section 603, on which commitments for insurance are issued subsequent to the effective date of the Housing Act of 1948.'

"(b) Section 608 (b) (3) (C) is amended—

"(1) by striking out '$1,500 per room' and inserting in lieu thereof '$8,100 per family unit';

"(2) by striking out the colon and the proviso and inserting in lieu thereof a period.

"(c) Section 609 (b) (1) is amended to read as follows:

"'(1) The manufacturer shall establish that binding contracts have been executed satisfactory to the Administrator, providing for the purchase and delivery of the number of houses to be manufactured with the proceeds of the loan and for payment of the purchase price at delivery: *Provided*, That such contracts may provide for payment subsequent to delivery if, at the time of insurance of the loan under this section, the borrower shall establish to the satisfaction of the Administrator that the purchaser has obtained a commitment for a lender to make a mortgage loan or loans secured or to be secured by real property and the improvements to be erected thereon of which the manufactured house will be a part, and the purchaser has assigned all its right, title, and interest in and to such mortgage proceeds, to the extent of the purchase price of the manufactured house or houses, to the seller and the lender under the loan to be insured under this section, together with evidence that the lender which has agreed to make the mortgage loan or loans has accepted such assignment and has agreed to make payment of the proceeds thereof, to the extent of the purchase price of the manufactured house or houses, in accordance with the provisions of such assignment. The commitment and the assignment or assignments required under this paragraph shall be in such form and contain such terms and conditions as may be approved by the Administrator;'.

"(d) Title VI is amended by adding after section 610 the following new section:

"'SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost reduction techniques through large scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"'(b) To be eligible for insurance under this section, a mortgage shall—

"'(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"'(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling units for not less than 25 families consisting of a group of single-family or two-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"'(3) involve a principal obligation in an amount—

"'(A) not to exceed 90 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon; and

"'(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows:

"'(i) $8,100 or 90 percent of the valuation, whichever is less, with respect to each single-family dwelling, and

"'(ii) $12,500 or 90 percent of the valuation, whichever is less, with respect to each two-family dwelling.

"'With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"'(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"'(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"'(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section.'

"TITLE II AMENDMENTS

"(e) Section 203 (b) (2) (B) is amended by striking out '$5,400' and inserting in lieu thereof '$6,300.'

"(f) Section 203 (b) (2) (C) is amended—

"(1) by striking out '$8,600' and inserting in lieu thereof '$9,500';

"(2) by striking out '$6,000' in each place where it appears and inserting in lieu thereof '$7,000';

"(3) by striking out '$10,000' and inserting in lieu thereof '$11,000.'

"(g) Section 203 (b) is amended by striking out in paragraph No. (3) the following: 'of the character described in paragraph (2) (B) of this subsection'; and inserting in lieu thereof the following: 'in property approved for insurance prior to the beginning of construction.'

"(h) Section 203 (b) is amended—

"(1) by striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word 'or', and adding the following new paragraph:

"'(D) not to exceed $6,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent, if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence the construction of which is begun after March 31, 1949, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than $6,000 where he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent, in the case of a 95 percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed 85 percent of the appraised value of the property.'

"(2) by striking out the period at the end of paragraph No. (3), and adding a comma and the following: 'or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection.'

"(3) by striking out the period at the end of paragraph No. (5), and adding a comma and the following: 'or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection.'

"(i) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words 'section or section 210' and inserting in lieu thereof the word 'title'; and (2) by striking out in said sentence (i) the words 'under this section', and (ii) the following: 'and a mortgage on the same property is accepted for insurance at the time of such payment,'.

"(2) Section 603 (c) is amended by striking out in the next to the last sentence the following: 'and a mortgage on the same property is accepted for insurance at the time of such payment,'.

"(j) Section 204 (a) is amended—

"(1) by striking out, in the last sentence, the following: 'prior to July 1, 1944,';

"(2) by inserting between the first and second provisos in the last sentence the following: '*And provided further*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by

the Administrator an amount, not in excess of two-thirds of such cost or $75, whichever is the greater:'.

"(k) (1) Section 207 (b) (1) is amended to read as follows:

"'(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or.'

"(2) The first sentence of section 207 (c) is amended to read as follows:

"'(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"'(1) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, not to exceed $50,000,000;

"'(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided*, That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses; and

"'(3) not to exceed $8,100 per family unit for such part of such property or project as may be attributable to dwelling use.'

"(l) (1) Section 207 (h) is amended by striking out, in paragraph No. (1), the words 'paid to the mortgagor of such property' and inserting in lieu thereof the following: 'retained by the Administrator and credited to the housing insurance fund.'

"(2) Section 204 (f) is amended by inserting in clause No. (1), immediately preceding the semicolon, the following: 'if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the housing insurance fund if the mortgage was insured under section 207.'

"TITLE I AMENDMENTS

"(m) Section 2 is amended—

"(1) by striking out '$165,000,000' in subsection (a) and inserting in lieu thereof '$175,000,000';

"(2) by striking out '$3,000' in subsection (b) and inserting in lieu thereof '$5,000';

"(3) by striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: '*Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of $10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as a hotel, apartment house, dwelling for two or more families, hospital, orphanage, college, or school:';

"(4) by striking out the last sentence of subsection (b).

"INCREASE IN INTEREST RATES

"(n) (1) In any area where the mortgage market so demands, the Federal Housing Commissioner, with the approval of the Secretary of the Treasury, is authorized to insure under the National Housing Act, as amended, mortgages bearing interest at rates which are not more than one-half of 1 percent in excess of the maximum interest rates prescribed in such act.

"(2) In any area where the loan market so demands, the Administrator of Veterans' Affairs, with the approval of the Secretary of the Treasury, is authorized to guarantee, under title III of the Servicemen's Readjustment Act of 1944, as amended, loans bearing interest at rates which are not more than one-half of 1 percent in excess of the maximum interest rates prescribed in such title."

The PRESIDING OFFICER. The question is on the amendment lettered "E" offered by the Senator from Wisconsin.

Mr. TAFT. Mr. President, since the Senator from Wisconsin will not cooperate by working on the committee bill, which I, as author of the original bill, have agreed to, I am willing to have him amend the original bill all he wants to. He can have the original bill. He can rewrite the original bill. But then I shall ask the Senate to adopt the substitute bill. Of course, the effect of that will be to wipe out all his amendments. If he really wants his amendments adopted, he had better offer the amendments to the substitute bill, and change that bill in any way he wishes to change it. The Senator's amendments present a long series of detailed differences with the committee bill. I think it would take an indefinite period for us to try to analyze each amendment which the Senator offers and say, "This is wrong" and "That is right." I see no recourse except to accept all his amendments and let him have the original bill.

Mr. McCARTHY. Mr. President, I may say for the benefit of the Senator from Ohio that that would be entirely agreeable to me, except for a number of reasons:

First. The committee amendment was reported by a vote of 7 to 6, and I have assured a sizable number of Members of the Senate that these amendments would be brought up one by one.

Second. After long weeks and months of work, I have perfected amendments to the original bill. Unfortunately, I am not blessed with the legal staff which the Senator from Ohio has. I do not have available to me a legal staff comparable with that of the Committee on Banking and Currency, which is available to the Senator from Vermont [Mr. FLANDERS].

These amendments are now ready to be offered. Frankly, I have difficulty in understanding the position taken by the Senator from Ohio. Months ago I submitted all these amendments to the Senator from Ohio. I submitted them to him in the form of a bill. That bill was submitted long before the Senator from Vermont began to interest himself in the Housing Committee. The bill was submitted to the Senator from Ohio at a time before the Senator from Vermont had attended a single hearing. It was submitted at a time when the Senator from Vermont was doing an outstanding job as chairman of a subcommittee investigating the high cost of living. I have been working on these amendments. I know every word of them, and I am familiar with them. I do not know the reason for this last-minute maneuvering. I do not know why we cannot forget about politics for a day or two and get some housing legislation.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. FLANDERS. I should like to correct the impression of the Senator from Wisconsin in one particular. During the same period in which I and other Senators were engaged in the cost-of-living investigation we were also engaged in a cost-of-housing investigation, as a part of the work of the joint committee. The Senator has at his disposal, I am sure, a rather large and complete report on the cost of housing, which was, at the time, my contribution to the joint committee proceedings. So I trust that he will give me credit for having been working on the Joint Housing Committee at the same time that I was working on the Joint Price Committee.

Mr. McCARTHY. Mr. President, I give the Senator from Vermont credit for being one of our outstanding Senators. I do not give him credit for attending a single housing hearing before this legislation was drafted. I had hoped that we would not have to go into this question. It is unimportant. However, in view of the fact that the question has been raised, I ask the Senator from Vermont if my proposed legislation was not submitted to him long before he attended a single committee hearing, and long before he attempted to draft any legislation. I also ask him whether his amendment was drafted, not by himself but rather by the housing agency. Am I correct?

Mr. FLANDERS. Mr. President, we did have a flood of information from the housing agencies before the bill of the Senator from Wisconson appeared. Being somewhat inexperienced in the proceedings of the legislative process, it had seemed to me to be the proper thing to do to get information from the executive branch of the Government on proposed legislation, and then use that as a basis for a legislative policy, it being a procedure suggested by the executive branches of the Government. That process was followed. It was well under way and on toward completion before I had an opportunity to see the bill of the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, I think it would be unfair to the Senator from Vermont—a man whom I consider to be one of the most outstanding Senators—to ask him to try to explain what are known as the Flanders amendments. I also think it would be unfair to the Senate and unfair to the Nation. For example, yesterday I asked the Senator from Vermont whether or not he had in his amendment certain provisions which I consider to be of the utmost importance. I wanted to know why they were stricken from the amendment, and I asked him to tell the reason why he struck them out. I offered to go through the record and find the evidence which I thought would convince him that he was mistaken in making those omissions; but in view of the fact that he did not know what was in the amendment and could not tell why those provisions were stricken out, I must insist that my amendments be taken up one by one so that the Senate will know what is in them.

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "E," offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now offer my amendment lettered "G." In view of its length, I do not ask that it be read, but I ask that it be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. McCARTHY was, on page 16, beginning with line 4, to strike out through line 19 on page 17, and insert in lieu thereof the following:

TITLE III—HOUSING RESEARCH

SEC. 301. To assist in progressively reducing housing costs and increasing the production of better housing, the Housing and Home Finance Administrator shall undertake and conduct a program with respect to technical research and studies to develop, demonstrate, and promote the acceptance and application of standardized building codes and of other new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing. Such program shall be primarily concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of home building materials and equipment, improved residential design and construction, new and improved types of building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards.

SEC. 302. In carrying out research and studies under this title, the Administrator shall utilize, to the full extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government; and the Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council. The Administrator is further authorized, for the purposes of this title, to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions and other nonprofit organizations.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

Mr. McCARTHY. Mr. President, in drafting this title we drew heavily upon the excellent thought of the Taft-Ellender-Wagner bill. We thought that the housing research provision in that bill was very good. We have added two important features to it. We direct the division within the H and HFA, in addition to coordinating research, as it was ordered to do in the old Taft-Ellender-Wagner bill, to perform two principal functions: First, to work for the standardization of codes; and second, to work toward the standardization of measurements. I dealt with this question at some length yesterday, and I shall not consume the time of the Senate today. Each of us who spent any time in this investigation was convinced that unless and until we get some semblance of standardization of codes we shall not get low-cost housing.

The other day I cited the metropolitan district of Detroit as an example. There are approximately 66 suburbs, each with its own code. As one contractor said, he almost had to have a different staff of lawyers for each suburb in which he built.

I now move the adoption of my amendment lettered "G."

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "G," offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now offer my amendment lettered "H." I ask that the reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. McCARTHY was, on page 17, beginning with line 20, to strike out through line 21 on page 35, and insert in lieu thereof the following:

TITLE IV—RENTAL HOUSING AIDS FOR FAMILIES OF MODERATE INCOME AND VETERANS

MORTGAGE INVESTMENT AIDS; VETERANS' COOPERATIVES

SEC. 401. (a) Section 207 (c) of the National Housing Act, as amended, is hereby amended as follows:

(1) By striking out the semicolon and the word "and" at the end of paragraph numbered (2) as amended by this act, inserting in lieu thereof a colon, and adding the following new proviso: "*And provided further*, That, notwithstanding any of the provisions of this paragraph numbered (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 90 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph numbered (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(b) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the figure "2" appearing in clause (ii) and inserting in lieu thereof the figure "1."

(c) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(q) In order to assure an adequate market for mortgages on cooperative ownership projects and rental housing projects for families of lower income and veterans of the character described in the second proviso of paragraph numbered (2) of subsection (c) of this section, the powers of the National Home Mortgage Corporation, and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

Mr. McCARTHY. My amendment lettered "H" consists of title IV. It is principally a veterans' cooperative section. It provides for two types of housing cooperatives, one along the lines of the cooperatives provided for in the old Taft-Ellender-Wagner bill. The amendment goes a step further and provides also for cooperatives composed principally of veterans. For the veterans' cooperative we allow a 95-percent guaranteed loan, as against a 90-percent guaranteed loan for a nonveterans cooperative. We provide for a 40-year period of amortization for both the veterans' and the nonveterans' cooperative. Then we make a further radical departure from the various cooperative measures that have been kicked around for 5, 10, or 15 years, and a very definite departure from the cooperative measure in the Taft-Ellender-Wagner bill. We provide that in addition to the financial aid and the liberal loans, technical assistance shall be available to the veterans' cooperatives. Of course, that will cost some additional money. Just how much money it will cost, we do not know. It will require some skilled help within the framework of the Housing and Home Finance Agency. It will work out in this way: If a number of young veterans wish to get together and build some low-cost homes, they will be entitled to receive assistance and information which will give them the benefit of other cooperative experience and furnish them all the technical advice possible in planning and reducing the cost of the houses.

This provision is the result of a great deal of thinking, work, and compromise on the part of many veterans' organizations, such as the American Legion, the Veterans of Foreign Wars, the American Veterans' Committee, the AMVETS, and various other veterans' groups. The provision is not entirely satisfactory to all the veterans' organizations. We took the idea from the American Legion bill, but we did not provide for the technical set-up covered by that bill. We thought it was too technical. We felt that merely to give a group of young veterans a lot of money, and say to them "Go ahead and build a house," would be of no benefit to them at all.

The only serious objection that any veterans' group had to this plan was with respect to the provision that the veterans' cooperative would be composed principally of veterans. Some of them felt that we should use some word other than "principally" and we should adopt

a figure of perhaps 70, 75, or 80 percent. But when it has been pointed out to them that the group will be composed principally of veterans, and that the veterans in the cooperative can control the number of nonveterans, we have received almost universal endorsement of this section.

Therefore, Mr. President, I now move the adoption of my amendment H.

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "H," offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now call up my amendment J, and offer it. I request that the reading of the amendment be dispensed with, and that it be printed at this point in the RECORD.

There being no objection, the amendment offered by Mr. McCARTHY was ordered to be printed in the RECORD, as follows:

On page 54, beginning with line 20, strike out through line 3 on page 69 and insert in lieu thereof the following:

"TITLE V—SLUM CLEARANCE

"LOCAL RESPONSIBILITY TO AID HOUSING-COST REDUCTIONS

"SEC. 501. In extending financial assistance under this title, the Administrator shall give consideration to the extent to which the appropriate local public bodies have undertaken a positive program of encouraging housing-cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"LOANS

"SEC. 502. (a) To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment. Such loans (outstanding at any one time) shall be in such amounts not exceeding the expenditures made by the local public agency as part of gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding 45 years from the date of the notes or bonds evidencing the loans), as may be deemed advisable by the Administrator. Such loans may be made subject to the condition that, if at any time or for any period during the life of the loan contract, the local public agency can obtain loan funds from sources other than the Federal Government at an interest rate lower than provided in the loan contract, it may do so with the consent of the Administrator at such time and for such period without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

"(b) To obtain funds for loans under this title, the Administrator may, on and after the 1st day of July 1948, issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury, in an amount not to exceed $10,000,000, which limit on such outstanding amount shall be increased by $200,000,000 on the 1st day of July 1949, and by further amounts of $200,000,000 on the 1st day of July in each of the years 1950, 1951, 1952, and 1953, respectively.

"(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligation. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(d) Obligations, including interest thereon, issued by local public agencies for projects undertaken pursuant to this title, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

"CAPITAL GRANTS

"SEC. 503. (a) The administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency which are assisted under this title shall not exceed two-thirds of the aggregate of the net project costs, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid required with respect to the project pursuant to section 504.

"(b) The Administrator may, on and after the 1st day of July 1948, contract to make capital grants with respect to projects to be assisted pursuant to this title aggregating not more than $100,000,000, which limit shall be increased by further amounts of $100,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively. Such contracts for capital grants shall be made subject to the condition that no funds shall be disbursed by the local public agency prior to July 1, 1949, in payment for the purchase of land in connection with the project being assisted under the contract. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

"REQUIREMENTS FOR LOCAL GRANTS-IN-AID

"SEC. 504. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which such contracts have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 503 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency which are assisted under this title to an amount not exceeding two-thirds of the differences between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 510 (f) of land in such projects).

"LOCAL DETERMINATION AND RESPONSIBILITIES

"SEC. 505. Contracts for financial aid shall be made only with a duly authorized local public agency and shall require that—

"(1) the redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

"(2) when land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds are necessary to carry out the purposes of this title;

"(3) there be a feasible method for the temporary relocation of families displaced from the project area, and that there are available or are being provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of such displaced families: *Provided*, That in view of the existing acute housing shortage, each such contract shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1950, if in the opinion of the local governing body such demolition would result in undue hardship for the occupants of the structure.

"GENERAL PROVISIONS

"SEC. 506. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding any other law, shall—

"(1) appoint a Director to administer under his general supervision the provisions of this title;

"(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended as of the date of enactment of this Act;

"(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended as of the date of enactment of this act, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of loans and capital grants and vouchers approved by the

Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government;

"(4) make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 following the close of the fiscal year for which such report is made.

"(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

"(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

"(1) sue and be sued;

"(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided,* That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local law of the inhabitants on such property;

"(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired and owned;

"(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

"(5) obtain insurance against loss in connection with property and other assets held;

"(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

"(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding.

"(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

"SEC. 507. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the redevelopment plan shall be made therefor by the public agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

"SEC. 508. The President may at any time, in his discretion, transfer to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it may be sold at a price equal to its fair value for the uses specified in accordance with the redevelopment plan: *Provided,* That the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

"PROTECTION OF LABOR STANDARDS

"SEC. 509. In order to protect labor standards—

"(1) Any contract for financial aid pursuant to this title shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary of Labor, shall be paid by any contractor engaged on the project involved; and the Administrator may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

"(2) The provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1940 ed., title 40, secs. 276b and 276c), shall apply to any project financed in whole or in part with funds made available pursuant to this title.

"(3) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report quarterly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 15 days after the close of each quarter and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

"DEFINITIONS

"SEC. 510. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Redevelopment area' means an area within which a project area is located and of such extent and location that the total area is appropriate for development or redevelopment.

"(b) 'Redevelopment plan' means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and (2) to indicate proposed land uses and building requirements in the project area: *Provided,* That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

"(c) 'Project' may include (1) acquisition of land within (i) a slum area or other deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other area which is to be developed or redeveloped for predominantly residential uses and which prior to such development or redevelopment constitutes a deteriorated or deteriorating area or open urban land which because of obsolete platting or otherwise impairs the sound growth of the community or open suburban land essential for sound community growth; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term 'project' shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term 'redevelop' and derivatives thereof shall mean develop as well as redevelop.

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or any other entity, in the form of (1) cash grants; (2) donations, at their cash value, of land, demolition or removal work, or site improvements in the project area; and (3) the cost or cash value of the provision by a municipality or other public body of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan.

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) such local grants-in-aid as are furnished in forms other than cash.

"(f) 'Net project cost' shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

"(g) 'Going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined at the date the contract for loan is made. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

"(h) 'Local public agency' means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought.

"(i) 'Administrator' means the Housing and Home Finance Administrator."

Mr. McCARTHY. Mr. President, this amendment deals with the question of slum clearance. There was a slum-clearance provision in the old Taft-Ellender-Wagner bill. I think it was a very good provision up to a certain point, but at that point we have now made a very radical departure.

The old Taft-Ellender-Wagner bill provided for Federal expenditures of a total of $850,000,000 over a period of years, to be handled by a system of

annual contributions. In going over that provision, many persons including auditors, bookkeepers, bankers, builders, and planning groups in various cities, felt that it was completely unrealistic, that there was no reason for setting up that cumbersome system of payment, and that the cost to the city and to the Federal Government because of the bookkeeping would be greater than the amount of money spent upon the actual work of clearing the slums.

Therefore we abandoned that system of payment, and took what seems to be the obvious and simplest course, namely, that of providing for capital grants, to be paid in the proportion of $2 on the part of the Federal Government and $1 on the part of the city, such payment to be made upon completion of the job of slum clearance. Incidentally that 2–1 system is the same as that provided in the old Taft-Ellender-Wagner bill. In other words, when the city arrives at a point where the area is cleared and when it is known to what extent they must mark down the value of the land, then the Federal Government will put up $2 for every $1 the city puts up.

In the amendment we provide for a total of $500,000,000. We feel confident that that amount will accomplish much more slum clearance than would have been accomplished by the $850,000,000 provided by the old Taft-Ellender-Wagner bill. I think it should be pointed out that the figure $500,000,000 actually is rather meaningless. If a vast number of cities decide to clear their slums and to take advantage of this Federal provision, $500,000,000 will not go very far. For instance, when we were talking about slum areas, one man from New York City said, "We can use up more than your $500,000,000 in the city of New York alone." So, Mr. President, I think we must realize that we are embarking upon a long-range slum-clearance program which ultimately may cost billions of dollars. Although it is completely separated from the question of housing, obviously this slum-clearance provision can have a very material effect upon the housing conditions in the country.

In this bill we have also provided for a total of $1,000,000,000 of loans to cities. That is in effect a construction loan or it may be called a wrecking loan. By it, a city can proceed to acquire the land and exercise the right of eminent domain, if it has that right, and clear up the land and mark down the price. Then, when it knows what the land is worth, either for use by a private or public housing agency or by a city for use, for instance, as a city park, the loan is repaid. I wish to make it clear that the cost to the Federal Government by reason of this loan provision should not be anything. The total cost of the slum-clearance provisions I am presenting will be $500,000,000 in the form of capital grants.

Mr. President, I now move the adoption of my amendment, lettered "J."

The PRESIDING OFFICER. The question is on agreeing to amendment lettered "J" offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. McCARTHY. Mr. President, temporarily I shall skip over amendment K, which deals with amendments to the public-housing section of the bill.

I shall now go to amendment L, which deals with farm housing. I ask that the amendment be printed at this point in the RECORD, without reading.

There being no objection, the amendment offered by Mr. McCARTHY was ordered to be printed in the RECORD, as follows:

On page 84, beginning with line 21, strike out through line 15 on page 104 and insert in lieu thereof the following:

"TITLE VII—FARM HOUSING

"SEC. 701. The Secretary of Agriculture and the Housing and Home Finance Administrator shall prepare a report on farm housing which report shall include—

"(i) the relationship of farm housing to the entire farm economy;

"(ii) the relationship of farm dwellings and related facilities to the operation and management of the farm;

"(iii) the extent of the need for housing for farm owners and operators and for tenants, lessees, share croppers, and laborers;

"(iv) the operation of existing Federal programs in aid of farm housing and their relationship to other Federal farm programs;

"(v) factors which tend to prevent the provision of needed farm housing;

"(vi) such other problems and subjects in the field of farm housing as the Secretary of Agriculture and the Housing and Home Finance Administrator may deem appropriate.

"Said report, together with such recommendations as to necessary legislation and such other recommendations as the Secretary of Agriculture and the Housing and Home Finance Administrator may deem advisable, shall be transmitted to the Congress not later than January 15, 1949."

Mr. McCARTHY. Mr. President, in the old Taft-Ellender-Wagner bill there was a section 10 and a section 11. This amendment L, entitled "Farm Housing," covers the same ground which was covered by sections 10 and 11 of the old Taft-Ellender-Wagner bill. Section 10 of that bill dealt with financial aids to rural housing. Section 11 was the rural public-housing section. We assigned to Representative PATMAN, of Texas, who has long been interested in rural housing, the job of making an individual study of the rural and farm housing question. His report is on record. From a reading of it, I think it will be found that it recognizes—although not in so many words—the wisdom of not attempting to draft any farm-housing legislation at this time. Frankly, I think it is generally believed by all persons who have studied this problem that the farm-housing sections of the old Taft-Ellender-Wagner bill were perhaps the most badly drafted sections of that bill. Of course, those sections were based upon prewar statistics and figures, and largely upon prewar costs.

So what I propose today—and I think this is identical with the corresponding provision offered by the Senator from Vermont [Mr. FLANDERS] and the Senator from Ohio [Mr. TAFT]—is merely to assign to the Housing and Home Finance Agency in the Department of Agriculture the task of making a thorough and complete study of this subject and reporting its recommendations to the next session of Congress.

Mr. President, with that explanation, I now move the adoption of the amendment lettered "L," entitled "Farm Housing."

The PRESIDING OFFICER. The question is on agreeing to amendment lettered "L," offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now desire to call up my amendment lettered "M," and to ask for its adoption. I request that the reading of the amendment be dispensed with, and that in lieu thereof it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment of Mr. McCARTHY was, on page 104, after line 15, to insert the following:

TITLE VII—HOUSING FOR VETERANS WITH SERVICE-CONNECTED DISABILITIES

SEC. 801. Section 1, title I, Public Law No. 2, Seventy-third Congress, approved March 20, 1933, as amended, is hereby amended by adding at the end thereof a new subsection known as subsection (g) and to read as follows:

"(g) Any person who served in the active military or naval service of the United States who is entitled to compensation under the provisions of Veterans Regulation No. 1 (a), as amended, for permanent and total service-connected disability due to spinal-cord disease or injury with paralysis of the legs and lower part of the body shall be entitled to assistance in acquiring a suitable housing unit with special fixtures or movable facilities made necessary by the nature of the person's disability, and necessary land therefor, subject to the provisions and limitations of Veterans Regulation No. 1 (a), as amended, part IX."

SEC. 802. Veterans Regulation No. 1 (a), as amended, is hereby amended by adding at the end thereof a new part to be known as part IX and to read as follows:

"PART IX

"1. The Administrator of Veterans' Affairs is authorized, under such regulations as he may prescribe, to assist any person (hereinafter referred to as 'veteran') who served in the active military or naval service of the United States, who is entitled to compensation under the provisions of this regulation for permanent and total service-connected disability due to spinal-cord disease or injury with paralysis of the legs and lower part of the body in acquiring a suitable housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, and necessary land therefor: *Provided*, That the regulations of the Administrator shall include, but not be limited to, provisions requiring findings that (a) it is medically feasible for such veteran to reside in the proposed housing unit and in the proposed locality; (b) the proposed housing unit bears a proper relation to the veteran's present and anticipated income and expenses; and (c) that the nature and condition of the proposed housing unit are such as to be suitable to the veteran's needs for dwelling purposes.

"2. The assistance authorized by paragraph 1 shall be limited in the case of any veteran to one housing unit, and necessary land therefor, and shall be afforded under one of the following plans, at the option of the veteran, but shall not exceed $10,000 in any one case—

"(a) where the veteran elects to construct a housing unit on land to be acquired by him, the Administrator shall pay not to exceed 50 percent of the total cost to the veteran of (1) the housing unit and (2) the

necessary land upon which it is to be situated;

"(b) where the veteran elects to construct a housing unit on land acquired by him prior to application for assistance under this part, the Administrator shall pay not to exceed the smaller of the following sums: (1) 50 percent of the total cost to the veteran of the housing unit and the land necessary for such housing unit, or (2) 50 percent of the cost to the veteran of the housing unit plus the full amount of the unpaid balance, if any, of the cost to the veteran of the land necessary for such housing unit;

"(c) where the veteran elects to remodel a dwelling, which is not adapted to the requirements of his disability, acquired by him prior to application for assistance under this part, the Administrator shall pay not to exceed the total of (1) 50 percent of the cost to the veteran of such remodeling, plus (2) the smaller of the following sums: (A) 50 percent of the cost to the veteran of such dwelling and the necessary land upon which it is situated, or (B) the full amount of the unpaid balance, if any, of the cost to the veteran of such dwelling and the necessary land upon which it is situated; and

"(d) where the veteran has acquired a suitable housing unit, the Administrator shall pay not to exceed the smaller of the following sums: (1) 50 percent of the cost to the veteran of such housing unit and the necessary land upon which it is situated, or (2) the full amount of the unpaid balance, if any, of the cost to the veteran of such housing unit and the necessary land upon which it is situated.

"3. The Administrator of Veterans' Affairs is authorized to furnish to veterans eligible for assistance under this part, without cost to the veterans, model plans and specifications of suitable housing units.

"4. Any person who accepts the benefits of this part shall not by reason thereof be denied the benefits of title III of the Servicemen's Readjustment Act of 1944, as amended.

"5. The Government of the United States shall have no liability in connection with any housing unit, or necessary land therefor, acquired under the provisions of this part."

SEC. 803. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this title.

Mr. McCARTHY. Mr. President, this is a section which is identical with a bill passed by the House on April 6, and largely identical with a bill sponsored last year by the junior Senator from Wisconsin, the Senator from Alabama [Mr. SPARKMAN], and the Senator from Wyoming [Mr. ROBERTSON]. That bill came before the Senate and was, on motion of the Senator from Ohio, recommitted to the committee by a vote of 40 to 37.

There was considerable opposition to the bill, and as I reread the RECORD recently I gathered that the opposition was not based upon the theory of the bill or upon the objective sought to be accomplished. I believe the Senator from Ohio at the time felt that while we may not have been going too far, the bill was too indefinite as to what we were attempting to do. I believe the Senator from Georgia had the same objection.

I think we have met those objections, and we have restricted the provision in order to meet the objections. The bill last year provided for Fedral aid to all permanent wheelchair cases among veterans; that is to say, if there were a young man who because of service-connected injuries was doomed to occupy a wheelchair for the remainder of his life, he should receive certain Federal aid, consisting of free housing plans and half the cost of construction. That has now been restricted somewhat to cover only what are known as paraplegic cases. By "paraplegic" is meant a veteran who sustained a service-connected spinal-cord injury, as a result of which he lost the use of his limbs and will necessarily be confined permanently to a wheelchair.

I think the reasoning behind the amendment is sound. The cost of a home for a paraplegic is much higher than the cost of a home for the ordinary veteran. In the first place, there must be a ramp to take the place of a stairway, there must be wider hallways, wider doors, larger bathrooms, and exercising equipment. The cost therefore of a home for a paraplegic would be much higher than the cost of the average home. We feel that the Government should make up the difference.

I may say in this connection that, besides discharging a moral obligation to such young men, who have been doomed to wheelchairs for life, the proposal is economically sound. The cost of hospitalization of a paraplegic is in excess of $7,000 a year, so that even though the Government were to pay half the cost of the home for the permanently crippled veteran, within a period of from 1½ to 2 years it would have more than recaptured the entire amount spent.

I may say also in that connection that there are, roughly, 1,500 paraplegic cases, many of whom were married before the war, many of whom have families including one, two, and three children. Under the present circumstances, many of the men have had to provide homes for their families at a distance of 60, 70, or 80 miles from the hospital. Obviously, the young men in question had no chance to make money before entering the service, and they are without the money with which to build houses, even under the liberal loans allowed. They are also handicapped by the fact that banks are reluctant to loan money to a crippled veteran having no income other than his pension. The result has been the breaking up of a large number of homes of veterans. Since we refused last year to give these young men the aid to which they were entitled, I have learned of three separate instances in which families were broken up. I am firmly convinced that had we passed this bill last year, and had those young men been given an opportunity to live some semblance of a normal life with their families, in all probability those families would still be living together today. I believe the provision represents the least that we should do. While this section would affect a small number of individuals, I believe it is the most important section of the entire bill. It enables us to discharge some part of our moral obligation to permanently disabled veterans, which is the purpose of the amendment.

Mr. President, I therefore ask the adoption of my amendment M.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now desire to call up my amendment N and to ask its adoption. I request that it be printed in the RECORD in lieu of having it read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment was, on page 104, beginning with line 16, to strike out through line 20 on page 106.

Mr. McCARTHY. Mr. President, this amendment would merely strike out section 12 of the old Taft-Ellender-Wagner bill. That is a section which dealt with the disposal of war housing. A bill has been passed substantially identical with section 12 of the Taft-Ellender-Wagner bill, so it would merely cause confusion to reenact that section at this time.

I may say for the benefit of the Senate that we are at this time attempting to draft legislation covering the disposal of war housing. There is perhaps no greater source of irritation to veterans' organizations throughout the country than the present manner of disposing of war housing. I do not think it can be blamed on the heads of our housing agencies. It is largely our own fault. I do not believe we have given the heads of the housing agencies sensible legislation under which they may act. I have been working with various veterans' organizations and with the Housing Administration, and I hope that within the next few weeks we shall be able to present to the Senate a good, sensible, workable bill dealing with the disposal of war housing. It has been omitted from our present bill purposely, for the reason that we did not want to confuse this largely noncontroversial legislation with the very controversial subject of the disposal of war housing. Mr. President, I therefore ask the adoption of my amendment lettered N.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I now desire to take up my amendment lettered "O," and to ask its adoption. I request that the reading of the amendment be dispensed with, and that in lieu thereof it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment submitted by Mr. McCARTHY is as follows:

On page 106, beginning with line 21, to strike out through line 20 on page 112 and insert in lieu thereof the following:

"TITLE IX—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

"ADMINISTRATIVE PROVISIONS

"SEC. 901. Effective upon the date of enactment of this act, the Housing and Home Finance Administrator shall receive compensation at the rate of $16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of $15,000 per annum.

"SEC. 902. In carrying out their respective functions, powers, and duties—

"(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which

appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties, and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal.

"(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, with appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing acommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said acts, the Public Housing Administration is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government for disability or death occurring in connection with military service.

"(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, the Public Housing Commissioner, and the National Home Mortgage Corporation, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

"(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of section 5 of Public Law 600, Seventy-ninth Congress (U. S. C., title 5, sec. 73b-2);

"(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

"(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed $300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator (except those imposed pursuant to titles II and V hereof), the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

"SEC. 903. Section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by adding at the end thereof the following new subsection:

"'(f) Any loan guaranty certificate or other evidence of guaranty heretofore or hereafter provided to a lender by the Administrator shall be conclusive evidence of the eligibility of the loan for guaranty, and the validity of any certificate or other evidence of guaranty so provided shall be incontestable from the date of its execution, except for fraud or misrepresentation.'

"ACT CONTROLLING

"SEC. 904. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

"SEPARABILITY

"SEC. 905. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its application to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered."

Mr. McCARTHY. Mr. President, my amendment lettered "O" deals largely with administrative streamlining and administrative changes. The recommendations frankly are largely the result of the thinking of the heads of the housing agencies. They went over the provision rather carefully. While frankly I do not feel so strongly about this amendment as others, I can see no objection whatever to adopting it. There is one section which is not the result of the thinking of heads of the housing agencies, however. They took no part in it, they did not recommend it. They, of course, have not opposed it. The section I refer to deals with the salaries of heads of the housing agencies. It is felt that while we now have some excellent men in our Housing Administration at this time, such men as Mr. Foley, Mr. Richards, and Mr. Fitzpatrick, general counsel, we cannot continue to get competent men to run these huge Federal bureaus for the salaries now being paid. For example, Mr. Foley is now really the head of about a $15,000,000,000 empire. When he was promoted and made the head of that empire, his salary, curiously enough, was, under the law, reduced from $12,000 a year to $10,000.

I have adopted the salary schedule set forth in the Flanders-Baldwin bill. I have merely taken that idea and applied it to the heads of the housing agencies. It provides a salary of $16,500 for the head of the H and HFA, and a salary of $15,000 for the heads of constituent agencies.

Mr. President, with that explanation I move the adoption of my amendment O.

The amendment was agreed to.

Mr. McCARTHY. My next amendment is amendment P. I ask that the reading of the amendment be dispensed with and that it be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Amend the title so as to read: "A bill to establish a national housing policy and provide for its execution, and for other purposes."

The PRESIDING OFFICER. The Chair will observe that the amendment which the Senator is now presenting will not be in order until after the passage of the bill.

Mr. McCARTHY. I have one amendment which I believe will be rather controversial, namely, amendment K. I ask that the reading of it be dispensed with and that it be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

TITLE VI—LOW-RENT HOUSING

LOCAL RESPONSIBILITIES AND DETERMINATIONS; TENANCY ONLY BY LOW-INCOME FAMILIES

SEC. 601. The United States Housing Act of 1937, as amended, is hereby amended by adding the following additional subsections to section 15:

"(7) In recognition that there should be local determination of the need for public low-rent housing, the Authority shall not make any contract for financial assistance pursuant to this act with respect to any urban low-rent housing initiated after July 1, 1948—

"(a) unless the public housing agency has submitted an analysis of the local hous-

ing market demonstrating to the satisfaction of the Authority (i) that there is a need for such low-rent housing which cannot be met by private enterprise; and (ii) that a gap of at least 20 percent has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing (through new construction and existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and

"(b) unless the governing body of the locality involved has approved the provision of such low-rent housing, and the contract for financial assistance provides that the Authority shall approve the maximum income limits to be fixed with respect to the admission and continued occupancy of families in such housing, and that such maximum income limits as so approved shall at no time be changed without the prior approval of the Authority: *Provided*, That admission and continued occupancy of families in such housing shall be restricted to families at the welfare level so long as applicants in that class are available, subject to the condition that the local agencies shall pay a fair share of relief assistance to such families with no discrimination against the occupants of public housing projects.

"(8) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall provide that a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (a) lived in an unsafe, insanitary, or overcrowded dwelling or had been displaced by a slum-clearance or land assembly and clearance project or by off-site elimination in compliance with the equivalent elimination requirement hereof, and (b) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing: *Provided*, That the requirement in (a) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than 5 years after July 1, 1948.

"(9) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency make periodic reexaminations of the net incomes of families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any families have increased beyond the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for continued occupancy in such housing, such families shall be required to move from the project if there are decent, safe, and sanitary dwellings available to them within their means and appropriate to their use."

VETERANS' PREFERENCE

SEC. 602. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By adding the following new subsection to section 10:

"(g) Every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans or servicemen), where application for admission to such housing is made not later than 5 years after July 1, 1948. As among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service connected."

(b) By adding the following new subsection to section 2:

"(14) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 25, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 25, 1947."

(c) By adding the following sentence at the end of section 2 (1): "In determining net income for the purposes of tenant eligibility, the Authority is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government as pension or other compensation for disability or death occurring in connection with military service.

COST LIMITS

SEC. 603. The first sentence of section 15 (5) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any low-rent housing project completed after January 1, 1948, having a cost for construction and equipment of more than $1,250 per room (excluding land demolition, and nondwelling facilities); except that in any city or metropolitan district, as defined by the Bureau of the Census, the population of which exceeds 500,000, and in Alaska, any such contract may be entered into with respect to a project having a cost of construction and equipment of not to exceed $1,500 per room ($2,200 per room in the case of Alaska), excluding land, demolition, and nondwelling facilities, if in the opinion of the Authority such higher cost per room is justified by reason of higher costs of labor and materials and other construction costs: *Provided*, That if the Administrator with respect to any contract for financial assistance made before December 31, 1951, finds that in the geographical area of the low-rent housing project involved (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than $500 per room the limitations that would otherwise be applicable to such project hereunder."

PRIVATE FINANCING

SEC. 604. (a) In order to stimulate increasing private financing of low-rent housing and slum-clearance projects, the United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) The last proviso of subsection (b) of section 10 is repealed, and subsection (f) of said section is amended to read as follows: "Payments under annual contributions contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.";

(2) The following is added after section 21:

"PRIVATE FINANCING

"SEC. 22. To facilitate the enlistment of private capital through the sale by public housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing and slum-clearance projects, and to maintain the low-rent character of housing projects—

"(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect of the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated to convey to the Authority the project, as then constituted, to which such contract relates;

"(2) the Authority shall agree to reconvey the project, as constituted at the time of reconveyance, to the public housing agency by which it shall have been so conveyed or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Authority which are then in default. Any prior conveyances and reconveyances shall not exhaust the right to require a conveyance of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

"(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Authority (notwithstanding any other provisions of this act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding 12 months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security: *Provided*, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the provisions of this act; and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract: *Provided*, That such amount may be increased by the amount by which expenditures exceed receipts owing to the admission of families at the welfare level";

(3) Section 2 (10) is amended to read as follows:

"(10) The term 'going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That for the purposes of this act, the going Federal rate shall be deemed to be not less than 2½ percent.";

(4) Section 9 is amended by striking the period at the end of said section and adding a colon and the following: *"Provided,* That in the case of projects initiated after July 1, 1948, loans shall not be made for a period exceeding 40 years from the date of the bonds evidencing the loan: *And provided further,* That, in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding 40 years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate.";

(5) Section 10 (c) is amended by striking the period at the end of the last sentence and adding a colon and the following: *"Provided,* That, in the case of projects initiated after July 1, 1948, contracts for annual contributions shall not be made for a period exceeding 40 years from the date the first annual contribution for the project is paid: *And provided further,* That, in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 percent of development or acquisition cost."

(6) The first sentence of section 10 (c) is amended to read as follows: "Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which will effect a reduction in the amount of subsequent annual contributions."

(7) Section 14 is amended by inserting the following after the first sentence: "When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be revised or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on the loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such revised or superseded contract: *Provided,* That contracts may not be revised or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged."

(8) Section 20 is amended to read as follows:

"SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $800,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of the securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.";

(9) Section 2 (5) is amended to read as follows:

"(5) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-rent housing or slum-clearance project. The term 'development cost' shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings."

(b) The last sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended, is amended by inserting before the colon, after the words "obligations of national mortgage associations", a comma and the following: "or such obligations of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Public Housing Administration: *Provided,* That such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of section 22 of the United States Housing Act of 1937, as amended, and that the maximum sum and the maximum period specified in such contract pursuant to said subsection 22 (b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations."

ANNUAL CONTRIBUTIONS AUTHORIZATION

SEC. 605. Section 10 (e) of the United States Housing Act of 1937, as amended, is hereby amended by inserting the following after the first sentence thereof: "With respect to projects to be assisted pursuant to this act, the Authority is authorized, in addition to the amount heretofore authorized, to enter into contracts, on and after the 1st day of July 1948, which provide for annual contributions aggregating not more than $32,000,000 per annum, which limit shall be increased by further amounts of $32,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952 respectively, but such authorization shall be increased by amounts necessary to make up any deficits resulting by reason of the admission of families at the welfare level: *Provided,* That the contracts for annual contributions with respect to projects initiated after July 1, 1948, shall not provide for the development of more than 500,000 dwelling units without further authorization from the Congress."

TECHNICAL AMENDMENTS

SEC. 606. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) By adding to section 6 the following new subsection:

"(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, reference therein to the United States Housing Act of 1937, as amended, shall include all amendments to said act now or hereafter adopted.";

(2) By deleting from the proviso in section 10 (a) and in section 11 (a) the following: ", unless the project includes the elimination" and substituting the following: "unless, subsequent to the initiation of the project and within a period specified by the Authority, there has been or will be elimination";

(3) By amending the second sentence of subsection 13 (a) to read as follows: "The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or acquire (pursuant to section 22 or otherwise) any project which it previously owned or in connection with which it has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this act governing their administration and disposition.";

(4) By renumbering sections 22 to 30, inclusive, so that they become sections 23 to 31, inclusive.

Mr. McCARTHY. Mr. President, this amendment deals with the highly controversial subject of public housing. I should much rather refer to it as welfare housing; and if this amendment be agreed to I think we can safely refer to it as welfare housing.

The amendment provides for what the vast number of people who are in favor of public housing think is being done. As the Senate well knows, hearings were held all the way from Los Angeles to New York and from New Orleans to St. Paul, and well-meaning groups appeared before the committee, social organizations, and church groups, very much concerned with those persons who are at the very bottom of the income level. I think every one of them, without exception, felt that the present public housing policy is to start at the bottom and work up. It so happens that is not the fact, and there is no controversy about that. The present policy is not to go down to the very bottom. Those who are administering the program say, "Let us take care of the poor man." "But if he is too poor," they say, "We will not take care of him." In other words, there is a certain low-income strata of society, the very lowest in the income groups, not eligible to enter public housing. There is apparently an unwritten rule—it may be written, for all I know—to the effect that not more than 10 percent of the tenants in a public housing project can come from the welfare group. That, in effect, bars from public housing persons who most need help. Let us take as an example a widow with 5 or 6 children. She is receiving relief from the city, but not sufficient to enable her to live in decent quarters. If public housing is sound in theory—and I think the theory behind welfare housing is sound—we should not bar that type of person from public housing. That is the type of person who should be given first consideration. My amendment provides that consideration be given to the lowest-income groups, and that we should start at the bottom and work up, not go half way and then, in a few cases, work down.

As of today there are persons receiving three or four or five thousand dollars a year and living in public housing, while widows and veterans with children are cramped in basements and attics. Those persons who are earning four or five thousand dollars a year are paying enough money to cut down the cost to the Federal Government, but they are still the subjects of subsidy.

In Detroit, Mich., alone we were informed that there are 400 persons in public housing in income brackets above what is allowed by the original law. They are earning three or four or five or six thousand dollars a year. When the committee met in Detroit I asked one of the members of my staff to call the Public Housing Administrator to give us a picture of exactly how many over-income families lived in the project and how high up the scale they ran. The head of the Public Housing Administration sent back word that he would under no circumstances come down and testify before our group. We could have subpenaed him and compelled his attendance, but we thought that a man who was so derelict in his duty that he did not want to give us a picture of the housing project would not give us any testimony that was worth enough to pay for subpenaing him.

Please do not understand my statement as an indictment of all those in charge of public-housing units. We found some very well-administered public-housing projects—one in Little Rock, Ark., and one in Dallas, Tex. There is a good one in Ohio. I forget whether it is in Cleveland or in Cincinnati. We found other good ones. We ran into a number of well-administered public-housing projects in various States. However, such housing has not been for the poor man, for the man at the very bottom, for whom many social organizations think it is intended.

All my amendment does is to give priority to those at the bottom of the income scale and then to work up as high as possible. It merely provides for changing our policy and starting where the need is greatest.

With that explanation, Mr. President, I move the adoption of my amendment K.

The amendment was agreed to.

Mr. McCARTHY. If the Chair will bear with me, I believe I have not offered amendments A and B yet.

The PRESIDING OFFICER. The Chair is under the impression that amendment I was not acted on.

Mr. McCARTHY. I am not sure I offered amendment I.

The PRESIDING OFFICER. The Chair is now advised that the Senator requested that amendment I be passed over.

Mr. McCARTHY. I will first offer amendment A. It merely changes the title by striking out "National Housing Commission Act" and inserting in lieu thereof "Act of 1948."

The PRESIDING OFFICER. Does the Senator desire to have the amendment inserted in the RECORD at this point?

Mr. McCARTHY. I do. I waive the reading of the amendment.

There being no objection, the amendment was ordered to be inserted in the RECORD, as follows:

On page 1, lines 3 and 4, strike out "National Housing Commission Act" and insert in lieu thereof "Housing Act of 1948."

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I shall not call up my amendment B. It covers the policy statement. I have no serious objection to the policy statement in the TEW bill.

Amendment I deals with the yield-insurance program. I covered that subject fully yesterday. I have, however, promised the Senator from Colorado [Mr. MILLIKIN] that before offering this amendment I would strike out the section dealing with accelerated depreciation allowance for income-tax purposes.

The PRESIDING OFFICER. Does the Senator now so move?

Mr. McCARTHY. First, Mr. President, I want to explain my position for the RECORD. I think the amendment is a proper one. I do not believe we are invading the province of any other committee. I think it is a necessary incentive to get equity money into the lower-rental field. I do not believe we can get cheap-rental housing from borrowed money. In order to get a great deal of cheap-rental housing we must get equity money into that field. I believe the greatest incentive is by the system of rapid depreciation for income-tax purposes.

There is nothing new about this idea. We did during the wartime what is now proposed, in order to stimulate the production of war plants. It did result in the stimulation of the production of war plants, and it seems to me that if we can do it during wartimes in order to stimulate the production of war plants it is only fair to do the same thing during peacetime to stimulate the production of homes. However, I have a great deal of respect for the legal ability of the Senator from Colorado, and for his ability as a Senator, and in view of the fact that he strongly feels that this is not properly part of a housing bill, I move that the section dealing with amortization, the section commencing on page 14, line 10, and extending down to line 6 on page 17, inclusive, be stricken out.

The PRESIDING OFFICER. Section 110, on the subject of amortization deduction?

Mr. McCARTHY. That is correct.

The PRESIDING OFFICER. The Chair would suggest that the motion the Senator is making should include the language beginning with line 7.

Mr. McCARTHY. I thank the Chair. I move that there be stricken out everything commencing on line 7, page 14, down to and including line 6 on page 17.

The motion was agreed to.

Mr. McCARTHY. Mr. President, with that amendment, I now move the adoption of my amendment lettered "I."

The amendment as amended was agreed to.

The PRESIDING OFFICER. Does that complete the Senator's program?

Mr. McCARTHY. It completes it with the exception of amendment P, which I shall offer later.

Mr. TAFT. Mr. President, I wish to modify the amendment which I have offered by striking out on page 89, lines 13 to 25, inclusive, and on page 90, lines 1 to 5, inclusive.

Mr. McCARTHY. To what document is the Senator referring?

Mr. TAFT. The amendment which I have offered.

Mr. McCARTHY. May we have a copy of it?

Mr. TAFT. The Senator has it on his desk and has had it at all times. It is the committee amendments.

Mr. President, this is the matter referred to by the distinguished Senator from Massachusetts [Mr. SALTONSTALL]. It is the provision which permits national banks to invest in certain United States Housing Authority securities.

Objection has been made that this modifies the original provision of the Banking Act, which attempted to take national banks out of the general business of underwriting securities. I think the objection is sound, so I am modifying the amendment in this regard, with the approval of the Senator from Vermont, who speaks, I think, for the Committee on Banking and Currency.

The PRESIDING OFFICER. The amendment will be modified as suggested by the Senator from Ohio.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gurney	O'Conor
Baldwin	Hatch	O'Daniel
Ball	Hawkes	O'Mahoney
Barkley	Hayden	Overton
Brewster	Hickenlooper	Reed
Bricker	Hill	Robertson, Va.
Bridges	Hoey	Robertson, Wyo.
Brooks	Holland	Russell
Buck	Ives	Saltonstall
Bushfield	Jenner	Smith
Butler	Johnson, Colo.	Stennis
Byrd	Johnston, S. C.	Stewart
Capehart	Kem	Taft
Capper	Kilgore	Taylor
Chavez	Knowland	Thomas, Okla.
Cooper	Langer	Thomas, Utah
Cordon	Lodge	Thye
Donnell	Lucas	Tydings
Downey	McCarran	Vandenberg
Dworshak	McCarthy	Watkins
Eastland	McKellar	White
Ecton	McMahon	Wiley
Ellender	Malone	Williams
Ferguson	Martin	Wilson
Flanders	Millikin	Young
Fulbright	Moore	
George	Morse	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3703) to authorize transfer of surplus real property to the jurisdiction of the Department of the Interior for consolidation of Federal holdings within areas administered by the National Park Service.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 2038) to enable the Secretary of Agriculture to conduct research on foot-and-mouth disease and other diseases of animals and to amend the act of May 29, 1884 (23 Stat. 31), as amended, by adding another section, and it was signed by the President pro tempore.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, April 15, 1948, he presented to the President of the United States the enrolled bill (S. 2038) to enable the Secretary of Agriculture to conduct research on foot-and-mouth disease and other diseases of animals and to amend the act of May 29, 1884 (23 Stat. 31), as amended, by adding another section.

ANNOUNCEMENT OF PROPOSED RECESS UNTIL 11:30 O'CLOCK A. M. MONDAY—MEETING OF SUBCOMMITTEE DURING SENATE SESSION

Mr. KNOWLAND. Mr. President, for the information of the Senate, it is the intention of the acting majority leader to move, when the Senate concludes its business tonight, that it take a recess until 11:30 o'clock Monday morning. The reason for meeting at that hour is that on Monday there will be the commemorative joint session of the two Houses in the Chamber of the House of Representatives. If the Senate approves of the proposed procedure, the acting majority leader respectfully suggests that all Senators be here promptly at 11:30 o'clock on Monday because the Senate will proceed at 11:30 to the House of Representatives.

Mr. President, I now ask unanimous consent that a subcommittee of the Committee on Appropriations be allowed to meet during this afternoon's session of the Senate.

The PRESIDING OFFICER. Without objection, consent is granted.

LEAVE OF ABSENCE—RURAL ELECTRIFICATION

Mr. LANGER. Mr. President, I ask unanimous consent that I may be excused for the remainder of the afternoon. I desire to appear before the subcommittee of the Committee on Appropriations dealing with Rural Electrification Administration appropriations.

I might say, Mr. President, that from the beginning of REA North Dakota has been at the very bottom of the list of those benefited by it. Only 7 farmers out of 100 in North Dakota receive REA services. In the neighboring State of Montana 25 farmers out of every 100 receive REA services. In Minnesota 40 out of every 100 farmers receive such services. I do not know of any better job I could do for the farmers of North Dakota than to endeavor to seek justice for them in connection with REA services.

Mr. President, I see the distinguished Senator from Wyoming [Mr. O'MAHONEY] in his seat. Last year in Wyoming REA services almost trebled, while in North Dakota we barely struggle along in order to get a few miserable miles of line built. I am not criticizing the Senator from Wyoming. I am complimenting him, and I hope that he will go with me this afternoon to the Subcommittee of the Appropriations Committee to obtain for the farmers of North Dakota what I helped secure for the farmers of the State of Wyoming.

The PRESIDING OFFICER. Without objection, the request of the Senator from North Dakota for permission to be absent from the session of the Senate this afternoon, so he may appear before the subcommittee of the Committee on Appropriations, is granted.

Mr. O'MAHONEY. Mr. President, I rise to ask the distinguished Senator from North Dakota to yield.

Mr. LANGER. I am glad to yield to my colleague from Wyoming.

Mr. O'MAHONEY. I am glad to know that the Senator from North Dakota is undertaking to appear before the subcommittee of the Committee on Appropriations in support of rural electrification. I am well aware of the fact that a year ago, when the question was under consideration in the House of Representatives, some of the distinguished leaders in that body took the position that REA should be very much curtailed. I am glad to be able to tell him, from the experience of the farmers in Wyoming, that it will be very fortunate for the farmers of North Dakota if he succeeds in his mission in securing an increased appropriation to expand this facility. I shall be very happy to cooperate with him in every respect to secure this advance for the farmers of North Dakota.

The money which will be expended in expanding the work of the REA cooperatives will be repaid to the Government of the United States over and over again. The REA cooperatives at this moment are ahead of schedule in the repayment of the Government loans. The Senator from North Dakota may be sure that in advocating this program he is advocating one which is eminently sound. I am happy to know that he has been excused from attendance on the Senate this afternoon in order to do this valuable work.

ORDER FOR RECESS TO MONDAY

Mr. KNOWLAND. Mr. President, I now ask unanimous consent that when the Senate concludes its work this afternoon it take a recess until the hour of 11:30 o'clock a. m. on Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, it is so ordered.

NATIONAL HOUSING

The Senate resumed the consideration of the bill (S. 866) to establish a national housing objective and the policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective and to provide for the coordinated execution of such policy through a National Housing Commission, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Ohio [Mr. TAFT], as amended.

Mr. TAFT. Mr. President, I want the Senate to understand the parliamentary situation. This amendment is the amendment prepared by the committee, and acceptable to the authors of the bill. If the amendment is now adopted the bill will not be open to further amendment. I do not want it to be understood that we are trying to cut any one off. If any Senator now desires to offer any amendments to the draft known as committee amendments, this is the time to do it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio as amended.

Mr. McCARTHY. Mr. President, I should like to make it clear that voting for the amendment offered by the Senator from Ohio will result in doing a number of things. No. 1, it will strike out the section dealing with Federal aid for paraplegics, the wheel-chair cases.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Ohio.

Mr. TAFT. The Senator is free to offer that section as a separate amendment to the bill, even if my amendment is adopted. Am I not correct in that statement?

The PRESIDING OFFICER. The Chair would advise the Senate that such an amendment would come in outside of the so-called substitute offered by the Senator from Ohio, which is now pending before the Senate.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. If the amendment of the Senator from Ohio is adopted, will it be subject to further amendment?

The PRESIDING OFFICER. The Chair will inform the Senate that if the substitute offered by the Senator from Ohio is agreed to, that portion in it, as agreed to, will not be open to further amendment. The portion of the bill covered by the amendment offered by the Senator from Ohio cannot be further amended.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. However, since the particular section relating to paraplegics, to which the Senator from Wisconsin refers, is not in my amendment, it may be offered as a separate section of the bill as amended by my amendment.

The PRESIDING OFFICER. The Chair endeavored to point that out in reply to the Senator's earlier question.

Mr. McCARTHY. Mr. President, I am not sure that I have the parliamentary situation clearly in mind. Am I to understand that if the Taft amendment is adopted, then there can be added to it the section dealing with aid to paraplegics?

The PRESIDING OFFICER. The Chair will advise the Senator from Wisconsin that what he is proposing cannot be added to that amendment, but it may be added to other parts of the bill.

Mr. McCARTHY. In view of the fact that the Taft amendment is in the na-

ture of an entire substitute and strikes out all the amendments which I have offered, is there any way the Taft amendment could be amended if it were adopted?

The PRESIDING OFFICER. The Chair will advise the Senator from Wisconsin that the amendment now pending, offered by the Senator from Ohio, is not a complete substitute for the entire bill. To be sure, it amends a substantial portion of the bill; but there will still be certain sections of the bill untouched, and the Senator can then offer his amendment to any one of those sections, or as a separate section where it may be appropriate.

Mr. McCARTHY. May I ask the Senator from Ohio what sections will be left untouched?

The PRESIDING OFFICER. The Chair will advise the Senator that an amendment can always be added at the end of the bill.

Mr. McCARTHY. Mr. President, the second thing which voting for this amendment will do will be to strike out a secondary market for the type of loan which is most badly in need of a secondary market. I do not like to go over this ground again, but a number of Senators are now present who were not present earlier this afternoon.

In our investigations one thing was brought to our attention more forcibly, perhaps, than anything else, and that was the lack of a secondary market for certain types of loans.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. FLANDERS. For my information I should like to know what type of loans the Senator is referring to, that would be stricken out.

Mr. McCARTHY. I am about to tell the Senate.

In our investigation throughout the country we found that one of the most definite road blocks in the way of lower-cost homes was the inability to obtain loans on them. An FHA guaranteed loan could be obtained under either title VI or title II. However, in order to obtain such a loan there must be improved street, and in many regions that is interpreted to mean concrete streets. A good gravel highway is not sufficient. In some places it is said that a black-top road is sufficient.

The same restriction applies to loans under title II, that is, section 203 loans. Moreover neither section 603 nor section 203 loans are available unless all the utilities are installed. That is not something that is in the law, but that is the interpretation of the law.

Let us assume that a truck driver owns a quarter of an acre of land on a good gravel road. He would not be eligible to get a loan either under section 603 or section 203. Take the case of a contractor who wishes to build a low-cost housing project. He does not want to go to the expense of putting in concrete highways. Perhaps the city will not cooperate. He has accessible to him a good gravel highway. He wants to build some low-cost housing. He is not eligible to get a section 603 or a section 203 loan, so he must resort to what is known as a title I, class 3, loan. For the benefit of the Senator from Vermont, that is the loan to which I now refer. Those are 10 percent guaranteed loans. That does not mean 10 percent of each individual loan. It means a guarantee of 10 percent of the entire portfolio. Once a bank has sufficient of those loans to have a sizable portfolio, normally it considers them fairly good security. But in the opening stages I have found no banks willing to take title I, class 3 loans. That means that we are placing an absolute road block in the way of lower-cost homes. This was bad enough before we started to establish a secondary market for all other loans.

DEATH OF PRESIDENT MANUEL ROXAS, OF THE PHILIPPINES

Mr. TYDINGS. Mr. President, will the Senator from Wisconsin yield to me for the purpose of making a brief statement which is not apropos to the matter under discussion?

Mr. McCARTHY. I yield.

Mr. TYDINGS. Mr. President, I rise to announce with extreme regret, which I am sure will be shared by all Members of Congress and by countless thousands of our citizens, the passing of President Manuel Roxas, the first President of the Philippine Republic, who has just passed away.

He was one of three great Filipinos—President Quezon, President Osmeña, and President Roxas. Those three men fought for Philippine independence, guided the Republic through the transition period, and were identified with the movement which finally brought their dreams into reality.

It was my privilege to work for many years with President Roxas and to know him as a friend, to form a pretty reliable estimate of him as a man, and to watch his efforts to build the country to which he devoted so much of his energy and all of his loyalty. The great struggle of rehabilitating the war-ravaged Philippine Islands, together with the terrific problem of launching the new Republic on the foundations of war chaos, finally took a toll which resulted in his death.

Manuel Roxas was devoted to his country to a degree that few men are devoted to the land of their nativity. He was a prisoner during much of the war; and notwithstanding the fact that his life was constantly in danger, at all times he did the very best he could to help our own Nation and his beloved Philippines throw off the yoke of the Japanese conquerors. At a time when his nation had very little money, when hundreds of thousands of homes were ruined, and the business of the Philippine Islands was in a chaotic condition, he was elected the first President of the Philippine Republic. With the meager resources at his disposal he sought to rejuvenate and rehabilitate the economy of the Philippine people.

The passing of this patriot will be mourned by all those who were privileged to know him, and by almost all citizens of the Philippine Republic as well as by thousands of liberty-loving people in this country who watched the struggle of the Philippine Islands for independence and watched the work of President Roxas, who played such a major part in the accomplishment of this result. It was with extreme regret that I learned of his passing, and I know that all Senators will share that regret.

Mr. President, as a mark of respect to the memory of President Roxas, I ask that when the Senate recesses or adjourns today, it do so as a token of our high regard for this man who was identified with so much of the history of our own country.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

Mr. BUTLER. Mr. President, I wish to join in the statement just made by the distinguished Senator from Maryland with respect to the passing of the President of the Philippine Republic. It was my privilege and pleasure to be a member of a small group which attended the independence ceremonies held in Manila on July 4, 1946, at which time the Senator from Maryland spoke, representing the people of America. I was there when the late President of the Philippines raised the flag of the Philippines, while Commissioner McNutt lowered the American flag. In the crowd there were some 50,000 or 60,000 people. There was hardly a dry eye, and there was absolute silence, as those flags met midway on the flagpole. That was a moment no one can forget.

My impression of President Roxas at that time was just as the Senator from Maryland has described him today. We not only had the pleasure of becoming acquainted with him but also with his family—his mother and other relatives. As the Senator from Maryland has said, the people of the Philippines respected President Roxas highly. His death brings a great loss, not only to the people of the Philippines but to the people of the world at large.

NATIONAL HOUSING

The Senate resumed the consideration of the bill (S. 866) to establish a national housing objective and the policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective and to provide for the coordinated execution of such policy through a National Housing Commission, and for other purposes.

Mr. FLANDERS. Mr. President, in response to the questions asked by the Senator from Wisconsin, let me say that the committee did not consider that loans of this type were of the sort which should be provided with secondary mortgage support. They are not subject to FHA construction and property standards. As the Senator has stated, it is possible that those standards are a little higher than they should be; but in that case the remedy is in legislative action. They are not subject to FHA appraisal or FHA risk-rating procedures. Those safeguards assure that the loans purchased will be economically sound and will not be excessive or inflationary in amount.

Mr. McCARTHY. Mr. President, let me interrupt the Senator to correct something he said. The title I, class 3 loans are FHA-approved loans. The

Senator from Vermont has said that they are not subject to FHA approval. We are speaking only of those which are subject to FHA approval. In other words, before a title I, class 3 loan can be guaranteed, it must have FHA approval. If it does not have FHA approval, then obviously it does not come under title I, class 3. I am speaking only of the FHA-approved loans for the lower-cost housing.

The inability to obtain money for a lower-cost house, even after the FHA has approved a loan, has been a source of tremendous irritation all over the country. As the Senator from Vermont well knows at no time at which he was present in the committee has the committee ever discussed title I, class 3 loans. The 14-man housing committee unanimously voted to provide a secondary market for all FHA and VA insured or guaranteed loans. We unanimously agreed as to that.

So I cannot understand why the Senator from Vermont upon his own has eliminated what is the most important section of the part of the bill dealing with the secondary market.

When we began these investigations, we considered setting up a secondary market only because of the inability to obtain title I, class 3 loans. If it had not been for that one thing, we never would have placed this section in the bill at all.

Now, after we have drawn up a section of the bill to provide for that specific problem, the Senator from Vermont has emasculated that section, so that the problem will not be met.

If there is a sound reason for such action, and if the Senator will point it out to me, then I should like to have this matter held up, and not voted on today, so that I may obtain the evidence, which I know the Senator from Vermont has not had an opportunity to study, and present it to him. Unless that is done, we might as well forget about passing this piece of proposed legislation at all, for then we would be channelizing all the scarce building materials into the higher-cost homes. I think the object of everyone is to get the scarce materials into the lower-cost homes.

Mr. FLANDERS. Mr. President, in reply to the remarks of the Senator from Wisconsin, I say, first, that there are no limitations on title II or title VI. The cost can go as low as one pleases to have it go. The FHA approval on title I, class 3 loans is on much lower standards than it is on other mortgages. It is for that reason that the secondary market was not provided for them.

I should also call the attention of the Senator from Wisconsin to the fact that in the final majority report of the Joint Committee on Housing, the last sentence on page 3, paragraph 10, reads as follows:

> This secondary market should be authorized to purchase both FHA-insured and VA-guaranteed loans on a limited basis where such purchases do not contribute to inflationary pressures and are necessary to sustain a volume of residential construction.

I do not believe it would be easy for the Senator from Wisconsin to justify the extension of the secondary-mortgage provision into these lower property standards of the title I, class 3 group, as compared to the others.

Mr. McCARTHY. Mr. President, does the Senator from Vermont realize that the title I, class 3 loans were made available for the semirural housing? They have nothing whatsoever to do with the type of construction or with the soundness of the loan. They are made available where there are no concrete streets, where perhaps all the utilities are not available.

I may say—and if I am wrong as to this matter I ask the Senator to correct me—that at no time at any committee meeting at which the Senator from Vermont was present did we ever discuss removing the title I, class 3 loans from the scope of the provisions of this bill. I ask the Senator if that statement is correct.

Mr. FLANDERS. Mr. President, I do not remember that at the time when this bill was before the Banking and Currency Committee the Senator from Wisconsin brought up or discussed this question.

I should like to refer again to the original purpose of title I, class 3. It was originally applied to substandard construction of summer cottages, hunting camps, and construction of that sort. There was no original intention to apply it to permanent dwellings. It has been brought into that phase of the subject only by encouragement given to it in a period of scanty housing. It is really an encouragement of substandard housing.

Mr. McCARTHY. Mr. President, let me inquire of the Senator from Vermont and the Senator from Ohio [Mr. TAFT] whether they intend to request a vote upon their amendment today, or whether in view of the fact that, if accepted, it will not be subject to further amendment, they are willing to let it go over until Monday, so that those of us who have been studying the housing problem for some time can decide what amendments we wish to offer to the Taft-Flanders amendment.

I may say in this connection, for the benefit of the Senator from Ohio, that I know that the Senator from Alabama [Mr. SPARKMAN]—I am not speaking for him, but I have discussed at some length the subject of housing with him, and I have a great deal of respect for his judgment—is very much concerned about the matter of loans, guaranties, and secondary markets for lower-cost housing. I am not referring to substandard housing; I am referring to lower-cost housing. I do not think we should rush through this amendment today until we have had a chance to go through it and decide what amendments we wish to offer.

Mr. TAFT. Mr. President, these are the committee amendments. They have been on the desks of Senators for several days. I see no particular reason why we should give up the opportunity to have 3 or 4 hours of further consideration of these amendments today.

The amendment has been under consideration, and no amendments have been suggested to it.

Mr. McCARTHY. I am suggesting some now.

Mr. TAFT. I urged the Senator from Wisconsin to suggest amendments to it, but he chose to suggest amendments to the original bill.

As a matter of fact, I think the secondary market section is the most doubtful section of the bill, anyway. Certainly I do not think it should be expanded beyond the very standard type of mortgage. As a matter of fact, it is not a very large feature. The total authorization under title I is only $175,000,000, I think, as compared to approximately $6,000,000,000.

Mr. McCARTHY. The amount has been increased in the Senator's bill.

Mr. TAFT. It has been increased from $165,000,000 to $175,000,000, as compared with approximately $6,000,000,000 for title VI or title VII. Title I is intended for complete modernization loans. In the great majority of cases the loans have been used only for extensive repairs to old houses. There is no call, so far as I know, for a secondary market handling repair loans. Banks ordinarily rather like such loans, but they will make them only if they are absolutely certain of the responsibility of the applicants. As a rule, the applicant has a first mortgage on his home, and is seeking a second mortgage anyway. I see no reason whatever why the Government should provide a secondary market for such loans.

I think the whole business of providing a secondary market for mortgages would degenerate into the Government's simply putting up cash for all mortgages. The committee amendment is limited; it is applicable only in certain cases. The Senator's amendment undertakes to do away with all limitations. Of course, the provision of $500,000,000 is a limitation, but we are putting up a total of three or four billion dollars a year I think on mortgages. It ought to be merely an auxiliary service. If it is an auxiliary service, it certainly is not needed, so far as I can see, for title I modernization loans; I can see no reason for it. Nobody can build a $3,000 home in any event today that is not likely to fall down tomorrow.

Mr. McCARTHY. What limit is provided in the Senator's amendment? Is it $3,000?

Mr. FLANDERS. Mr. President——

Mr. McCARTHY. Mr. President, I still have the floor. My question is addressed to the Senator from Ohio. What is the limit in his amendment?

Mr. TAFT. The amount is increased from $3,000 to $4,000, I think.

Mr. FLANDERS. That is correct.

Mr. TAFT. It is increased from $3,000 to $4,000, with $10,000 for repairs to a multiple-family home.

Mr. McCARTHY. Does the Senator know that under his own amendment there is a provision for the insurance of a total of $1,750,000,000 worth of construction of title I, class 3, loans? It is not $175,000,000; it is a total of $1,750,000,000 worth of construction in the Senator's own amendment. I ask further if the Senator knows that in his own amendment all limits are not taken off, in that the FHA or the HHFA is given the duty of deciding in what areas and in what times the loans shall be

made available? The Senator's amendment is the same as mine in that respect. That is my first point. In the second place, the FHA has the duty of determining what type of construction shall be covered, not by the guaranty, but by the secondary mortgage, so that under the Senator's own amendment, if the FHA feels that any of the title I, class 3, loans are too risky, the HHFA, working with the head of this new corporation which is created, and which is headed by the same head as the HHFA, can exclude such title I, class 3, loans?

Mr. TAFT. As a matter of fact any secondary mortgage can be excluded. There is nothing to force the corporation to buy any mortgage on the secondary market, unless it happens to like the mortgage.

Mr. McCARTHY. The Senator and I agree, then.

Mr. TAFT. Yes. But why should we in the case of the mortgage corporation make eligible a lot of loans which are unsound? I mean, which are not a standard form of loan, but depend on the personal responsibility of the particular applicant to a local bank. There is no need so far as I know, and no request even, for a secondary mortgage in the secondary market.

Mr. McCARTHY. Let me ask the Senator another question. He made a statement that this covers a very small amount of construction. The Senator knows, does he not, that in his own amendment the amount of construction covered is increased by $100,000,000?

Mr. TAFT. No, I do not.

Mr. McCARTHY. I wish the Senator would look at it. He will find that it is increased in that amount, making a total of $1,750,000,000 worth of construction. The Senator would increase the possible liability by $10,000,000, which increases the amount of construction covered by an additional $90,000,000, so that we are dealing here not with a small amount of construction but with construction totaling $1,750,000,000.

I point out to the Senator that the only reason we undertook to draft the provision setting up a secondary market was that we felt it absolutely necessary in order to get lower cost construction. In California and in the South they cannot build——

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. McCARTHY. Let me finish this sentence first, and then I shall be glad to yield.

Mr. TAFT. Very well.

Mr. McCARTHY. In California and in certain sections of the South, they can build good livable quarters for $4,500; that is, FHA approved quarters under title I, class 3. That is one reason we did not limit ours to $4,000 but made it $5,000. I commend that to the attention of the Senator. That is my first point.

Secondly, not only must we increase the limit to $5,000 in order to get low cost homes; we must establish the secondary market. If that is not done, we should eliminate the entire secondary market section of the bill. I now yield to the Senator from Ohio.

Mr. TAFT. The whole pressure for the secondary market comes on GI loans. That is what we had last year. That is what the Senate considered reasonable last year. The difficulty with regard to the secondary market comes from the fact that many small banks in various places have built themselves up with as many GI loans as they wanted. They were perfectly good loans. They are under the GI bill of rights. The reason for providing the secondary market, the only really possible justification for it, is so that we may carry out our promise to veterans under that bill. That is what it does. The secondary market is made available for GI loans, and we also have in FHA title 2 and title 6, a standard loan. But this is the first suggestion I have ever heard so far as I am concerned that home-modernization loans should be put into the classification of standard loans and that an effort should be made to create a secondary market for them. There never will be a secondary market for them under any ordinary banking system. They are not loans of that kind.

Mr. McCARTHY. I am not speaking of that.

Mr. TAFT. The loans are all right for a small local bank to make to people who are known to the bank and who are living in the same town; but they are not standard loans. There is no reason why there should be a secondary market.

Mr. McCARTHY. I may say to the Senator I am not talking about modernization loans; I am speaking of loans on the lower-cost housing—housing that can be built for $4,000, $4,200, and $4,500. The reason we originally increased the limitation to $4,000 was, we thought that would be sufficient. That is the figure adopted by the Senator from Vermont. Since then, in discussing this matter with veterans' organizations and with contractors all over the country, it has been found that that is not sufficiently high. They want to construct cheap or low-cost veterans' housing, and the limit was increased to $5,000.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Ohio.

Mr. TAFT. One of the things the Senator is trying to do is to increase the limit on modernization loans to $5,000. The committee went as far as $4,000. This is for the special type of home, but all restrictions are off. The homes are not required to meet any of the FHA qualifications. The Senator says they were for summer cottages and that kind of thing. If any considerable number of such houses are built, it will simply create a new source of slums, because it is impossible to build a modern house for $4,000 or $5,000.

I think the whole theory of the Senator is wrong. Having adopted that theory, he then wants to provide a secondary market for this particular type of loans, which I think is also wrong. This is only one of many respects in which he has offered amendments at variance with the opinion of the committee, the opinion of the joint committee, of which he is a member, and with the opinion of the Banking and Currency Committee.

Mr. McCARTHY. The Senator says that there are no rules or regulations covering construction under title I, class 3, loans. That is not correct. In his amendment and in my amendment we provide that before the HHFA may provide a secondary market the specifications be first set down, together with the rules covering the construction of homes. So there is protection.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Vermont.

Mr. FLANDERS. I should like to suggest to the Senator from Wisconsin that housing within the range which he describes is to be taken care of in sections 2 and 6. I should also like to suggest that he might well have expressed his views when the amendment was before the Banking and Currency Committee, instead of having brought it to our attention for the first time on the floor today.

Mr. McCARTHY. I will say to the Senator from Vermont that the reason I did not go through the Senator's bill very carefully was because his own staff told me it was like my bill. Such being the case, I was justified in assuming that the Senator had not made these changes. I would be justified in assuming that if he wished to make such a radical change he would let me know.

There is one other question which I should like to ask the Senator from Vermont and the Senator from Ohio, not having had an opportunity to go over their amendments very carefully. Is there an increase of one-half of 1 percent in the interest rate all across the board, on the approval of the Treasury Department and the head of the housing agency, or is it merely restricted to certain types of loans? Will the Senator from Ohio answer that question? Does the Senator allow a maximum of one-half of 1 percent increase in interest rate upon the approval of the Treasury Department and the head of the housing agency in the case of all VA and HHFA loans?

Mr. TAFT. The differences in the interest rate I can give the Senator. Under section 203 of the National Housing Act there is now a 5-percent maximum interest rate, and we provide that the Administrator may raise it to 6 percent if the mortgage market should demand it. The Senator's amendment provides a maximum of 6½ percent.

Mr. McCARTHY. No; my amendment provides that in the case of VA and HHFA insured or guaranteed loans, if the Treasury Department and the head of the housing agency find that credit has dried up to the extent that loans cannot be obtained, they can increase the interest rate by a maximum of one-half of 1 percent. Where the interest rate is now 5 percent it could be increased to 5½ percent.

Mr. TAFT. I think I have stated the facts. The Senator from Wisconsin, under section 203, would increase it to 6½

percent. The committee amendment provides for 4½ percent, and under the Senator's proposal the rate would go to 5 percent.

Mr. McCARTHY. That is incorrect.

Mr. TAFT. Under section 203 the maximum rate is now 4 percent, and could go to 4½ percent under the Senator's amendment. Under section 608 the maximum rate is 4½, and would go to 5 percent under the Senator's amendment. In general, we have permitted the Administrator to increase the interest rate approximately one-half of 1 percent on a certain type of mortgage, and under the Senator's proposal he is permitted to increase it to 1 percent.

Mr. McCARTHY. We have provided that under all VA and HHFA guaranteed and insured loans, if the Treasury Department or the head of the housing agency should find it necessary, the maximum interest rate may be increased from what it now is by an additional one-half of 1 percent. I should like to know whether the increase of ½ percent in your amendment is permitted clear across the board.

Mr. TAFT. Under sections 203 and 608 only.

Mr. McCARTHY. What about title I?

Mr. TAFT. I do not think there is any change in title I at all.

Mr. McCARTHY. Mr. President, there is one further reason why I think the Senate should reject the amendment submitted by the Senator from Ohio. If the amendment should be accepted it would strike out all the amendments which I have previously offered and which have been accepted. I think the principal reason, above all others, for rejecting it is that the theory upon which he is favoring public housing is entirely erroneous. It is not the theory under which public housing was originally provided. I do not think it was the intent of the Congress to exclude the very lowest income groups. I believe the intent of the Congress was to start at the very bottom and then work up. I do not think Congress intended to say it would help the poor man, but not if he is too poor. In the amendment which I have introduced, which will be stricken if the Senator's amendment be accepted, I merely provide what practically every social organization and every church group which appeared before us thought we intended to do, namely, to start at the very bottom and come up. That does not in any way affect the number of public housing units. I do not care whether we provide for 500,000 or 600,000 or 700,000 units, if we take care of the greatest need first. In that connection, I think the Senator knows, when he refers to clearing slums, that up until this time if we cleared a slum area, and utilized the housing bill as he has submitted it, the slum dwellers would never find their way into public housing.

I might call the Senator's attention to what he himself said before our committee in regard to the purpose of public housing. I am merely agreeing with the statement of the Senator from Ohio when he testified before our committee. He said:

> May I say this has nothing to do with the shortage of houses—
>
> Referring to the public-housing section of the bill.
>
> Public housing has nothing to do with the emergency or the present shortage of houses. It is solely a social-welfare program like the long-term educational program.

All I am doing through my amendment is providing that we give some force and some backbone to what the Senator from Ohio himself said regarding the public-housing section of his bill. Those well-meaning persons who came before our committee believed we were trying to take care of the low-income groups. Yesterday the Senator from Ohio said he did not think welfare families should be eligible for public housing. By that statement the Senator would exclude the war widows with families who are receiving pensions and who otherwise cannot get adequate housing. Above all else, I urge the Senate not to accept the Taft amendment for the reason that we would have to spend huge amounts of Federal money, allegedly to help the poor man, and, at the same time, saying that if he is too poor we will not help him.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Is an amendment to the Flanders' substitute amendment now in order?

The PRESIDING OFFICER. The question now before the Senate is on the amendment offered by the Senator from Ohio as modified already by himself. An amendment to that amendment is in order. That is the Flanders amendment, so-called.

Mr. SALTONSTALL. Mr. President, I should like to offer an amendment at this time in behalf of my colleague, the junior Senator from Massachusetts [Mr. LODGE], and myself. The junior Senator from Massachusetts presented the amendment this morning to lie on the table.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 92, after line 2, of the committee amendments, it is proposed to insert the following:

> SEC. 607. Any low-rent or veterans' housing project undertaken or constructed under a program of a State or any political subdivision thereof and with the express purpose indicated in the State legislation of converting the project to a project with Federal assistance (if and when such Federal assistance becomes available), or otherwise authorized by State law to be so converted, shall be approved as a low-rent housing project under the terms of the United States Housing Act of 1937, as amended, if (a) the project is or can become eligible for assistance by the Public Housing Administration in the form of loans and annual contributions under the provisions of the United States Housing Act of 1937, as amended, and (b) the State or the public housing agency operating the project in the State makes application to the Public Housing Administration for Federal assistance for the project under the terms of the United States Housing Act of 1937, as amended: *Provided*, That loans made by the Public Housing Administration for the purpose of so converting the project to a project with Federal assistance shall be deemed, for the purposes of the provisions of section 9 and other sections of the United States Housing Act of 1937, to be loans to assist the development of the project: *Provided further*, That any State which is administering a low-rent or veterans' housing program with annual contributions may, through its administrative agency or department and, with the approval of the Governor, determine to administer the low-rent housing program authorized in the United States Housing Act of 1937, as amended, under the legislation of that State and receive annual contributions from the Public Housing Administration out of the amounts provided in the United States Housing Act of 1937, as amended. In that event, the Public Housing Administration shall deal only with the State administrative agency in that State and (1) shall approve low-rent housing projects for which annual payments on the principal amount of obligations sold to construct those projects do not exceed 3 percent per year and which meet the requirements of the United States Housing Act of 1937, as amended, as to (a) cost limitations for construction, (b) occupancy by low-income families, (c) elimination of unsafe and insanitary dwellings, and (d) local contributions by the State or any of its political subdivisions, and (2) shall make payments of annual contributions to any such State as needed for such approved low-rent housing projects up to the maximum amounts provided in the United States Housing Act of 1937, as amended.

Mr. SALTONSTALL. Mr. President, I hope this amendment may be accepted by the Senator from Ohio and the Senator from Vermont. This year the Legislature of Massachusetts passed a bill which would permit the State, on its credit, to lend $200,000,000 for low-cost housing. As I understand, the bill was drafted in such a way that when, as, and if the Federal Government passed a law, the State law would fit in with the Federal law.

This amendment was submitted to the junior Senator from Massachusetts and myself just this morning by our State government officials. The amendment in its present form has been drafted by the Legislative Counsel of the Senate. It provides, in substance, that where the State has loaned its credit on any housing project, the Federal Government may assist, under the terms of the bill, with that project; and if the Federal Government does come forward and help, then it must be on the basis of the Federal law, and the Federal Government must deal with the State Administrator in cases where the State government has authorized and has started a housing project.

I hope the Senator from Vermont and the Senator from Ohio will agree to accept the amendment. If it is found faulty in language in any way, I trust it may be cleared up in conference.

Mr. FLANDERS obtained the floor.

Mr. McCARTHY. Mr. President, will the Senator yield for a question?

Mr. FLANDERS. I should like first to say something about the proposed amendment. Of course, it is a fairly long and far-reaching amendment. A rapid examination of it, I will say to the Senator from Massachusetts, suggests to me that it is all right in principle, except for one thing. It seems unfortunate to introduce the provision for connection and negotiation with the State when the Federal Housing authorities have been so long dealing at the local level. I wonder if it could not be redrafted so that the connections might be at the local levels,

retaining the other elements of the amendment.

Mr. SALTONSTALL. It would seem to me that so long as the State had money in the project and was trying to work in cooperation with the Federal Government, it would be proper to have the State Administrator the connecting link between the Federal Government and the project. Naturally, when the State government has recouped all its money from the project, if the Federal Government takes it over, then the Federal Government could deal directly with the local government, but so long as the State government is in it, it seems to me its administrator should have some tie-up and some connection with the administration of the project in dealings with the Federal Government.

I shall be very happy to accept any amendment which may be suggested by the Senator from Vermont so long as the State administrator may keep his position and look after the interests of the State government, as well as of the local government and the Federal Government, in the project.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. McCARTHY. I may say, first, that I heartily approve the amendment; but let me ask a question. Does the Senator understand that under the Taft amendment there would be frozen in public housing all the high-income groups which are now in public housing, that the Public Housing Authority would have no right whatsoever to evict a single tenant because of his high income, and that in that way the Taft amendment differs radically from my amendment in dealing with public housing?

Mr. TAFT. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. How can the Senator from Wisconsin make any such claim? The amendment contains express provision that the incomes shall be constantly resurveyed, that the people shall be put out the moment their incomes reach a certain point.

Mr. McCARTHY. That is why I think this matter should be put over until Monday.

The House, when it passed the rent-control extension bill, provided that none of the present tenants in public housing could be evicted until the end of the Rent Control Act on the ground of their high incomes. Unless in the Senator's amendment he undoes that, then for the next year all the high-income groups will be frozen in public housing. In my amendment we provide that the Public Housing Administrator may proceed to evict such tenants.

Mr. TAFT. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. I shall return to the statement of the Senator from Wisconsin, but referring to the statement of the Senator from Massachusetts, the difficulty I find with the Senator's amendment is in this provision:

Provided further, That any State which is administering a low-rent veterans' housing program may * * * determine to administer the low-rent housing program authorized in the United States Housing Act of 1937, as amended, under the legislation of that State * * *. In that event the Public Housing Administration shall deal only with the State administrative agency in that State—

I misread that at first. I thought the State was undertaking to determine the different factors.

Mr. SALTONSTALL. As I understand it, I may say to the Senator from Ohio, the amendment is an effort to tie the State law in with the Federal law and have the State law comply with the Federal provision.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I shall be glad to yield to the Senator from Louisiana when the Senator from Ohio has answered my question.

Mr. TAFT. Mr. President, with some further study I think it might be possible to accept the amendment. I see no particular objection to such a provision. In fact, I think it highly desirable, if the State wishes to enter the picture, that it should have the same privilege as the local administration itself.

Mr. SALTONSTALL. That is the purpose of the amendment, as I understand it.

Mr. TAFT. But I should like to be certain that the State would have to comply with all the requirements of the act.

Mr. SALTONSTALL. For myself—and I am confident I can speak also for my colleague—I may say that any language the conference committee may frame to cover this point will be acceptable. The amendment was written very hastily, because the suggestion was received only this morning, and the Senate Legislative Counsel has since drafted the amendment. We hope the amendment is in form to comply with the Federal law and permit the States to secure advantage of the Federal law in cases where the State itself is interested financially in a housing project.

Mr. ELLENDER. Mr. President, will the Senator now yield to me?

Mr. SALTONSTALL. I yield.

Mr. ELLENDER. Would it not be possible to have what the Senator desires accomplished through the State Legislature of Massachusetts? As I understand the Senator's amendment he wants an administrator from the State government to act as go-between between the authority in his State and the Federal Government. That is the principal point of the amendment, as I understand.

Mr. SALTONSTALL. The State has passed its law already. It is on its statute books. The administration in the State government already has handed out some of these loans. The purpose of the amendment is to allow a State administrator to have contact with the Federal Government only in cases where the State itself has some money in the project.

Mr. ELLENDER. I think that could be accomplished under State laws without the necessity of having an amendment of this nature in the bill. Under the public housing program of 1937 an authority is created under State law. It strikes me that the State law could provide that the go-between for all State authorities shall be an administrator who administers all public housing projects within the State. Such an administrator could certainly be the go-between for as many authorities as are created within the State.

Mr. SALTONSTALL. I am confident, I will say to the Senator from Louisiana, that we in Massachusetts would be glad to work that out. What I want to do today is to get the principle involved in the amendment placed in the bill. The amendment was, as I said, drawn rather hastily, because the suggestion for the amendment was received only today. If then there is improvement which should be made to the amendment, that can be readily made in conference, but if the principle is not included in the bill, then the State loses the opportunity to secure its connections with the Federal Government.

Mr. ELLENDER. I wonder if the Senator would object to letting the amendment lie over so as to enable us to look into it further. I do not claim to know what this plan envisions. I doubt if the Senate will vote on the measure this afternoon.

Mr. SALTONSTALL. I will say to the Senator that I offered the amendment at this time because it is my understanding that unless it is offered at this time and the Taft substitute is adopted, then the amendment will no longer be in order.

The PRESIDING OFFICER. The Chair will suggest to the Senator from Massachusetts that whatever change is to be made in the so-called Taft amendment to the committee amendment, which is now pending, should be made now before the amendment is adopted.

Mr. SALTONSTALL. That is the understanding of the Senator from Massachusetts also.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I should like to address a question to the Senator from Ohio, in order to determine what we will have to do, so we can know whether we should act on the amendment proposed by the Senator from Massachusetts. I ask the Senator from Ohio if, upon checking with the legal staff of the Committee on Banking and Currency or in any other way he cares to, he becomes convinced that my version should be adopted, which will allow the Public Housing Administrator to remove the over-income group, would he have any objection to offering such an amendment himself?

Mr. TAFT. No. The situation is perfectly clear. I mean there is no use arguing about it. The amendment which I have offered provides expressly that there shall be——

Mr. McCARTHY. I am not speaking of the new units. I am speaking of the units presently in existence.

Mr. TAFT. We do not change the law respecting the units presently in existence.

Mr. McCARTHY. Am I correct in understanding then that the law in that respect will not be changed? If it will not be changed, the overincome groups are presently frozen in the present units by the rent-control bills to which the Senate agreed—incidentally, when I was not present or I would have raised the point. In other words, if the bill does not change the law in that respect, then the Public Housing Administrator cannot remove the overincome group.

Mr. TAFT. The Senator from Wisconsin is trying to repeal an act which the House and Senate have just passed. The group referred to cannot be put out unless a place is found in which to put them. The Senate just passed that act. It may have been right or it may have been wrong in doing so, but there is no particular reason why we should in this measure try to deal with the subject over again, so far as I can see.

Mr. McCARTHY. Let me call the Senator's attention to this point: I was not at the joint conference which was held, but I understand some of the Senators present were at the joint conference. I understand that at the joint conference Representative WOLCOTT, chairman of the House Banking and Currency Committee, suggested that the units be continued as they now are, but that when the housing legislation was brought up we could deal with the problem. I do not believe the joint conference had any intention of doing what we will do if we accept the amendment offered by the Senator from Ohio, in other words, continue the freeze for a full year.

Mr. TAFT. My amendment does not deal with that subject at all. The Senator is arguing that it does not deal with the subject. But there is nothing wrong with the amendment. It does not attempt to deal with the subject. It is true that it does not go back and make a change in the law just passed by Congress.

Mr. McCARTHY. It is dealing with the subject in that it strikes out my amendment, which would allow the Public Housing Administrator to remove this overincome group.

Mr. TAFT. The Senator may offer that amendment if he wishes. The pending amendment is open to such amendment.

Mr. McCARTHY. The Senator from Ohio is moving to strike it out. I had previously offered it and it had been accepted.

Mr. TAFT. I am only moving to substitute the committee bill for the Senator's series of individual amendments, which have not been approved by any committee of the Senate, even by the joint committee of which he is a member and of which he was in some respects acting chairman.

Mr. McCARTHY. A minute ago when I brought up the question the Senator from Ohio said his proposal would not freeze the overincome group in the housing units; that in view of the language in his bill the amendment was unnecessary. Do we both agree that unless we adopt the amendment the Senator will have frozen within public housing units for another year the overincome group?

Mr. TAFT. No, we do not agree, because that was covered by a bill passed by the House and Senate a while ago. It does not freeze anybody.

The PRESIDING OFFICER. The Chair would suggest that the Senator from Massachusetts [Mr. SALTONSTALL] has the floor. The question before the Senate is the amendment which he has offered to the amendment offered by the Senator from Ohio.

Mr. SALTONSTALL. Mr. President, while I still have the floor I should like to ask the Senator from Ohio a question on the amendment which I understood he had agreed to accept earlier today concerning commercial banks. I understand that that amendment has already been offered by him and been accepted. Am I correct?

Mr. TAFT. The Senator is correct. The Senate has approved it.

Mr. SALTONSTALL. Then do I correctly understand that the amendment I am now offering is the pending question before the Senate?

The PRESIDING OFFICER. The Senator from Massachusetts is correct. The perfecting amendment offered by the Senator from Massachusetts to the amendment offered by the Senator from Ohio is the question before the Senate.

Mr. TAFT. Mr. President, will the Senator from Massachusetts yield to me now?

Mr. SALTONSTALL. Certainly.

Mr. TAFT. I should like to ask the Senator from Wisconsin whether he wishes to take time to prepare amendments to the amendment which I have offered. I shall not press my amendment for action today. I thought that if the only question was between my amendment and his amendment that that question could be just as well settled today as any other time. If the Senator desires to offer amendments to my amendment which is, in effect, the committee substitute, I certainly am not trying to press for action upon it today. I wonder if that is the Senator's desire.

Mr. McCARTHY. I want to thank the Senator from Ohio, and I will answer that it is my desire. I think the matter should be delayed for an additional reason, Mr. President. I know when I call it to the Senator's attention he will agree with me. I personally was not present at the meeting of the Committee on Banking and Currency the day the committee voted to report the so-called Flanders amendment.

If I am wrong in my recollection of what happened, I wish the Senator would correct me. I understand that the Senator from Delaware [Mr. BUCK] submitted an amendment striking out certain portions of the Flanders amendment, and that that was rejected by a vote of 7 to 6. I also understand that thereupon, without any consideration whatsoever of the other amendments, it was moved that all the Flanders amendment be adopted, and the motion was agreed to by the same vote of 7 to 6.

I believe that it is the general feeling that this measure should lie over until Monday. I think it should lie over until Monday so that I may discuss this question with the five other Senators who agreed with me in the Banking and Currency Committee, in order that we may determine what amendment, if any, we desire to offer. I may say that I definitely desire to offer one, and probably more than one.

Mr. TAFT. If the Senator desires to offer amendments to my amendment, then I think I should like to study the amendment of the Senator from Massachusetts, and let that also lie over, so that if it is placed in the bill it may be drafted in the best possible form.

Mr. SALTONSTALL. Mr. President, I understand that my amendment is the pending question.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

Mr. SALTONSTALL. It is perfectly agreeable to me to have the Senator from Ohio study it, so long as the amendment is not sidetracked and lost.

Mr. ELLENDER. Mr. President, first I wish to compliment the Committee on Banking and Currency for a fine job well done. I do not believe that Senators ought to find fault with the huge size of the bill which we are now considering, when it has been so well explained in the various documents which are now on the desks of Senators. The bill seeks to amend two Federal laws dealing with housing, as well as providing for some new programs. One is the National Housing Act, and the other the United States Housing Act of 1937.

It will be recalled that until about 6 years ago housing, at the Federal level, was being managed by about 16 or 17 separate agencies scattered all over the lot, as it were. Acting under the First War Powers Act, the President, by Executive Order 9070, created the National Housing Agency, under which all agencies of the Government dealing with housing were consolidated. This new set-up was more or less of a temporary nature since the President's authority expired 6 months after a declaration by him that World War II was at an end. Therefore the President sent Reorganization Plan No. 3 to the Congress which had as its purpose the creation of a permanent housing agency, called the Housing and Home Finance Agency.

Under this new agency, headed by an Administrator, the following named constituent agencies were lodged:

First. Home Loan Bank Board;

Second. Federal Housing Administration; and

Third. Public Housing Administration.

The plan was adopted by the Congress. The adoption of the plan, by the way, is one of the main reasons we are now confronted with the amendment by way of a substitute to the original Taft-Ellender-Wagner bill, which was reported from the Committee on Banking and Currency.

As Senate bill 866 was first reported by the Banking and Currency Committee, it provided for an agency to administer all housing. A few months after that bill was reported, Reorganization Plan No. 3 came into being. It was there-

fore necessary to strike from Senate bill 866 two of its titles which dealt with the subject of administration of housing. Several other amendments were proposed by the joint committee which made a further study of housing. As a proponent of the original Taft-Ellender-Wagner bill, Senate bill 866, I felt that instead of amending the bill on the floor of the Senate it might be best to permit the Committee on Banking and Currency to reconsider the question of housing in the light of the additional hearings on the subject held by the Joint Senate-House Committee on Housing, and bring in a more or less clean substitute bill.

Mr. President, it is not my purpose at this late hour to go into the details of the legislation now before us. Today and yesterday the Senate heard from the distinguished Senator from Vermont [Mr. FLANDERS] as well as the distinguished Senator from Ohio [Mr. TAFT], a discussion of the various amendments to the housing legislation now before us for consideration. I should like to point out briefly some of the main provisions of the bill as amended.

Title I extends for 1 year the mortgage-insurance operations which have been operating under title VI of the FHA Act. In doing this, we have taken cognizance of the continuance of the housing shortage, and the extended provisions place emphasis on rental housing. This title likewise gives aids to manufacturers and builders for the use of modern construction processes.

This title is designed to encourage private enterprise to participate in homes for the lower-income groups—those caught in between public-housing activity and the housing for those in the higher-income brackets. Title I authorizes FHA to insure 90 to 95 percent loans for low-cost homes on a 30-year basis, at 4 percent. In addition, the FHA would have the authority to insure firm mortgage commitments up to as high as 85 percent of the value of the house.

Title II provides secondary market backing for FHA's title II and title VI programs, together with the GI home-loan programs. Our investigations have shown that a source of secondary credit for residential-mortgage financing is highly desirable; accordingly, under this title II a National Home Mortgage Corporation is established, as a part of the Housing and Home Finance Agency. The corporation would have a borrowing power of $250,000,000, and could be increased to as much as another quarter of a million dollars more, with the approval of the President. There are certain safeguards made a part of the bill to restrict the operations of this corporation where a Government secondary market is necessary, and where it would not have the tendency of increasing inflationary conditions.

Title III recognizes the long-felt need for an extensive program of housing research, in order to effectuate maximum efficiency in the production of good housing. This title authorizes the Administrator of the Housing and Home Finance Agency to inaugurate a research program designed to increase the production of better housing at a lower cost. The Administrator would also under this title make available data on housing needs, demand, and supply. Efforts would be made to correlate and coordinate efforts made in various parts of the country by all groups to promote greater efficiency in construction and reduction in costs of good housing.

Title IV, as does title I, places emphasis on rental housing. The main objective of any comprehensive housing program, of course, is home ownership, but it must be recognized that a large segment of our population, for various reasons, prefer to rent rather than to own their homes. Investigation has shown that those people who can least afford to pay high rentals are the ones who have been most ignored in home construction. The inadequacy of building programs for rental housing has partly been a result of the reluctance of institutional investors to take part in such housing. This title provides aids in connection with equity as well as mortgage financing. An effort is also made to encourage cooperative ownership housing, through special aids, and especially veterans' cooperatives.

Emphasis is placed on low interest rates, long-term loans through FHA financing. Provision is made for 90 percent FHA insured loans, with 40-year maturities, and a maximum interest rate of 4 percent. Moreover, it helps low-income families, who could not otherwise own their own homes. by making these mortgage-financing terms available to nonprofit cooperatives undertaking such projects. Recognizing the special needs of veterans, this title makes available to them FHA insurance on 95-percent loans.

This title provides in addition a program of yield insurance to encourage investment in rental housing. Administered through FHA, this program guarantees returns of 2¾ percent upon outstanding investment, and authorizes rentals to be set up on the basis of a 3½ to 5 percent return. For this purpose a billion-dollar insurance program is authorized.

Title V provides for Federal aid in the clearance of slums and blighted areas for possible redevelopment. Again emphasis is placed on cooperation with private enterprise in redevelopment of such areas. The plan proposed that Federal and local aid will be combined to scale down the cost of acquisition and preparation for redevelopment so that its reuse may be made feasible through private enterprise.

This program is to be accomplished through a combination of Federal and local grants-in-aid and it is specifically provided that such Federal aid will be extended only to provide for acquisition of the land and preparation for redevelopment, and not for whatever construction may be undertaken afterwards. The grants-in-aid are not to be extended unless local participation equals at least one-third of the net project cost.

To implement this plan, a 5-year program in permanent loans is inaugurated, at the rate of $200,000,000 a year, repayable in full with interest. The bill authorizes, for the Federal subsidy to be extended, capital grants up to $500,000,000 to be contracted for at the rate of $100,000,000 annually.

I should like to insert in the RECORD at this point as a part of my remarks a speech delivered by me in St. Louis, Mo., under date of March 15, 1944, on the subject Common Sense in Postwar Housing. I believe it will be noted that the measure which is now before us follows the outline of my speech very closely.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

COMMON SENSE IN POSTWAR HOUSING

(Address delivered by Hon. ALLEN J. ELLENDER, United States Senator from Louisiana, on March 25, 1944, in St. Louis, Mo., before the National Public Housing Conference)

Mr. Chairman, ladies, and gentlemen, I have been asked to speak on the subject Homes or the Dole. In view of my long interest in public housing, I desire also to discuss with you some of the broader problems and more important considerations than this limited topic ordinarily encompasses. I think that before I conclude my remarks it will be clear to you why I am adopting this course. And I hope that you will agree with what I have to say.

My activities in behalf of public housing go back to its inception. The CONGRESSIONAL RECORD will indicate that I was in the midst of the battle on the Senate floor for the passage of the United States Housing Act in 1937. I have been in the fight ever since, and you may count upon me to continue to remain in the struggle, so long as I retain my membership in the United States Senate.

As some of you may be aware, I am chairman of the subcommittee of the Senate Committee on Education and Labor, which has handled slum clearance and low-rent housing legislation, as well as the publicly financed portion of the war-housing program. This subcommittee, as well as the full committee is heartily sympathetic with the aims and objectives of slum clearance and low-rent housing.

I am proud of the record of the low-rent public-housing program, although it has been the subject of harsh, unjust, and uncalled-for criticism. It has performed most satisfactorily in my State. It has done likewise, I am sure, throughout the country, in small places, in medium-sized cities, and in our largest centers of population. The main trouble with the program is that it has been inadequate. After the war we must continue and expand the program. To do this we must begin to get ready now, and it is imperative that the people be told the truth about the program of the past and what is in prospect for the future.

There is no need to tell this group that most of the attacks upon public housing have been unfair, unjustified, selfish, and based upon gross ignorance.

The most common attack has been that the program did not rehouse families of sufficiently low income. The facts refute this charge completely. Before the war the program as a whole achieved an average shelter rent throughout the country of $12.79 per family unit per month. It housed families with average yearly incomes, on a Nationwide basis of $832.

You may be certain that, if the program had housed families of still lower average yearly incomes—that is, if it had housed only the worst relief cases—the opposition would have criticized it as a program solely for people who were indolent or shiftless or undeserving. Of course, I do not believe that families on relief should be so characterized. But I do say, that this is what the enemies of the USHA program would have said about the housing program if it had housed only relief families. In fact, the foes of the program are saying this anyway. They are

consistently moving in two directions at once, half the time arguing that the projects should house lower income families, and the other half of the time arguing that it should house higher income families. They are seesawing between the two groups in the hope of creating confusion and dissatisfaction.

My own belief is that the program has struck a wise and happy medium in this matter. It has not been administered as an emergency poor-relief job. It has been conducted in a manner to provide decent and dignified aid to families of low income—families who are industrious and deserving and a part of the working population, but whom our economic system has not provided with sufficient income in peacetimes to live in decent housing without public aid. Until our economic system can lift the incomes of these families to the point where they can afford to obtain decent housing entirely on their own, we must continue this public assistance. And we must continue it in the self-respecting and desirable form which it has already taken.

For these reasons, I am opposed to any proposal to abolish the present slum clearance and low-rent housing program, or to substitute any method of rent certificates or rent relief which would handle each family on a case-work basis, veiled in an atmosphere of charity. These suggestions should be placed in the same category as the proposals, made a few years ago, to junk the social security system and to substitute therefor the dole.

Furthermore, I am opposed to these rent certificates or rent-relief plans, because they would tend to perpetuate and subsidize the slums. They would provide no method for large-scale, well planned developments to remove the slums, and to rebuild the blighted areas of our American communities.

On the other hand, none of the attacks made upon the financing plan under the United States Housing Act has impressed me in the slightest. I have spent many hours analyzing in detail the method of financial operations used by local housing authorities, in clearing slums and rehousing slum dwellers.

The essence of this plan is that the development cost of projects is put upon a loan basis, with the Federal Government receiving repayment in full for all loans made, at the long-term Federal rate of interest plus one-half of 1 percent. Since the Government has thus far been borrowing money at a substantially lower rate of interest than the prevailing long-term rate, there has been a profit to the Government on the loan transaction. This profit, I am informed, has been about sufficient to cover the administrative expenses of the United States Housing Authority—now the Federal Public Housing Authority—for the slum-clearance and low-rent housing program.

This being the case, the only cost of the program to the Federal Government has been in the annual contributions to help achieve low rents. This annual contributory system, which some of the critics of the program have distorted and even called misleading, is one of the most honest and simple methods of grants-in-aid that has been devised. Anyone who takes the trouble to study the plan, instead of attacking it blindly, can find out exactly what the program costs each year. He will discover also that the amount of aid is measured exactly against the need, and can be decreased in any year when better economic conditions are made available to the beneficiaries of the program and when economies in operation reduce the amount of aid required.

Let me give a factual illustration of this point. The maximum annual contribution to achieve low rents permitted under the law is about 3½ percent. This would result in an annual contribution of about $25,000,000, during normal peacetime, on the 154,189 completed local authority family units under the United States Housing Act. But even before the war, by various economies, the annual contribution rate had been reduced to about 2.8 percent, which would involve annual contributions of about $20,000,000 for a program of the same size. When the war came along, the 154,189 family units under local authorities were divided into 100,355 continued as low-rent projects and 53,834 units converted to war use. For the 100,355 low-rent units, due to higher incomes during the war, the annual contribution rate has been reduced to about 2.2 percent, involving annual contributions of $10,339,356. For the 53,834 units converted to war use, the annual contribution rate has been reduced to twenty-three one-hundredths of 1 percent, involving annual contributions of $607,935. Therefore, at the present time the total annual contributions on the whole 154,189 units is only $10,947,291, contrasted with the maximum of about $25,000,000 which would be available under the law.

To state this another way: The people who are occupying these projects are paying about $14,000,000 more in annual rents than they would be paying if the Government extended as much aid as the law permits. They are paying about $9,000,000 more in rents than the normal prewar rate. To state this in still another way, the occupants of the project are paying almost $45,000,000 in annual rents, as against an anual contribution of less than $11,000,000 by the Government.

Let these figures be the answer to those who talk about the occupants of these projects as if they were irresponsible people, unwilling to pay their own way to the last dollar of their capacity. Let this be the answer to those who claim that the plan now in use is uneconomical or unsound.

Of course, we know that after the war the incomes of the occupants of these housing projects will not be as high as now. Somewhat larger amounts of Government assistance will be necessary. But I think that the country will be more prosperous after the war than it was before the war, that we shall gradually raise our standards of living, and that the program will continue to advance in the economical direction that it was moving before the war began.

It has been particularly shocking to me, that the patriotic service which local housing authorities have rendered in turning 53,834 units in their projects over to war use, has been made the occasion for attack upon the program. When Congress passed the United States Housing Act, it contemplated slum clearance and low-rent housing. Later Congress authorized, but did not compel, the conversion of this housing to war purposes. The local housing authorities have voluntarily made this conversion, with regard to the 53,834 units that I have mentioned. Naturally, the war workers have fairly good incomes in these times, and, as I have indicated, the subsidies on these converted projects have been reduced to a nominal figure. And yet, we hear radio commentators and others berating and vilifying the local housing authorities and the public-housing program—because they have joined in winning the war instead of remaining on a peacetime basis—and because this war work has made the projects temporarily available to families with higher incomes.

A few days ago, I examined another one of the so-called plans which has been trotted out as a substitute for the low-rent housing and the slum-clearance program. This is the so-called tax-abatement plan. It rests upon the proposition that the Federal Government should enable wealthy individuals to avoid Federal income taxes entirely as to that part of their income which they invest in land bonds and housing construction, and also exempt from taxation the income on these bonds and this housing. It is claimed that this would result in better housing at lower cost to slum dwellers—through a system which is attractively called public housing privately owned.

Let us look at just a few figures as to how public housing privately owned would work, in comparison with the United States Housing Act plan. I have before me a table of figures which contrasts the two methods, but I will refer here only to the high lights. Under the United States Housing Act, a housing unit built on expensive central slum land, with the land costing $2,000 and the building costing $4,000, coming to a total of $6,000, might receive, for example, an annual contribution from the Federal Government of about $131 a year. This would achieve a shelter rent of about $16 a month, and would serve a family with an income of about $960 a year. Under the so-called tax-abatement plan, in contrast, for the same unit there would be involved a capital grant of $4,800 in the form of tax abatement (assuming that the taxpayer would receive income placing him in the 80-percent bracket), plus an additional contribution of $110 in the form of additional tax abatement. In addition to the tax abatement of $110, the Government would pay interest on the capital grant abated, which, if paid, could be used to reduce the public debt. And these subsidies, so much larger than the subsidies under the United States Housing Act, would produce a monthly rent for the unit of $45, serving a family-income group of about $2,700. In short, despite much higher cost to the Government, this plan for public housing privately owned would serve the upper income half of the population, rather than the lower income third.

(See following table marked "Exhibit A.")

So much for the opponents of public housing. I have come to talk to you, not as an opponent, but as a friend. But I would be less than a friend if I did not tell you about your errors as well as your achievements—if I did not warn you of the difficulties which public housing faces—if I did not indicate what steps you should take to better your position and strengthen your cause.

We must frankly face the fact that public housing before the war did not receive as much popular support as its merits entitled it to. In fact, 1938 was the last year in which the Congress approved the public housing program. This was only 1 year after the enactment of the original law and before any projects were completed. In the 3 years between 1938 and the outbreak of the war public housing gradually lost ground in the Congress. You know this to be true.

It is foolish to blame this trend on a few individuals. It is short-sighted to think that the situation can be changed after the war just by wishful thinking. There is only one sensible way by which this situation can be changed in a democracy—and that is by making public housing understood and popular in the communities throughout the country. When public housing is really popular and really wanted at home, Washington will respond.

If public housing is not sufficiently popular at home to gain congressional approval, that is not the fault of the people working in Washington for the Federal Government. There is very little that they can do about it. It is up to the local people, interested in public housing throughout the country, to create the urge. If the situation is remedied, these local people will deserve most of the credit. But if the situation remains as it has been in the past, they will deserve most of the blame.

For this reason I am particularly pleased with the reorganization that has recently taken place in the National Public Housing Conference. My understanding is that the conference is going to be a militant, aggressive organization. I hope that it does not confine its fighting to Washington or make the mistake of criticizing its friends. The housing advocates have already spent too

much time criticizing each other. If the conference can work to stimulate the kind of local support and local action which I have mentioned, public housing will have a better chance to move forward. It is up to people like you who are here today to do this job.

A successful campaign for public housing involves something more than loud shouting, or agitation. The way to win this cause is to fight with the head as well as the heart. You must profit by your mistakes. You must conduct your fight in accord with the spirit of the times, and in the light of your past experience.

I should like to summarize some of this experience, and the conclusion to which it seems to lead:

The greatest handicap to housing, until 2 years ago, was the number of housing agencies in the Federal Government. Congress was first bewildered, and then antagonized—and may I add "agonized"—by 16 or more bureaus and agencies, each trying to aggrandize itself instead of making every effort to help housing. Even assuming the noblest motives on the part of all these agencies and bureaus, it was utterly impossible to work out an intelligent housing policy or program under such divided leadership.

The housing reorganization of February 1942, which put all of these 16 or more bureaus and agencies under the National Housing Agency, was long overdue. This reorganization has resulted in economy. It has led to increased efficiency. It has removed squabbling, wrangling, and much scuffling from the Washington housing scene. It has raised housing in the esteem of the Congress. My prediction is that, when Congress considers post-war housing legislation, it will confirm and carry even further this consolidation of the housing activities of the Federal Government. Common sense makes this much certain.

It is my firm conviction that both public and private housing can go ahead most effectively after the war only as a part of this consolidated program, and under the roof of the National Housing Agency, or one similar thereto. The Administrator of the National Housing Agency, Mr. John Blandford, is a warm friend of public housing. He has utilized and helped to keep alive the local authorities during the war. He has used public financing for about half of the recent war-housing construction. When he says that we cannot expect anywhere near so large a proportion of publicly financed housing after the war, he is merely stating a fact. From my discussions with Mr. Blandford, and from some of his recent talks which I have read, I believe that he is following a wise and balanced course, for now and for postwar housing, in terms of the over-all situation.

The Congress is tired of the fighting among bureaucrats. Mr. Blandford has about stopped the bickering and has achieved a more unified housing front. In his congressional relationships he has accurately sized up the situation and has won the confidence of the Congress. The National Housing Agency and the comprehensive approach which it represents is essential to a future in which the whole housing need can be met, private and public, each operating within its proper field.

Another reason why public-housing progress has been slow has been because the program has been too limited in its objectives. We can all agree that slum dwellers need help first, and need help most. But at the same time we must realize that no community can solve its housing problems by public housing alone. Public housing should do only the part of the job that private enterprise cannot accomplish. Private enterprise should be encouraged and facilitated to do as much of the job as possible—in fact, to the limit of its capacity. Only in this way can we really rebuild our communities. Only in this way can we really succeed in obtaining decent housing for all groups of Americans. Only in this way can we raise the postwar housing program to a magnitude through which housing can make its full contribution to postwar employment, prosperity, and high national income.

This means that in the communities private enterprise and public housing should work hand in hand. Local housing authorities, if they are to survive and prosper, must expand their activities and raise their sight. They must take the broad comprehensive view, at the local level, which the National Housing Agency is taking at the Federal level. They must concern themselves with helping to serve the whole housing needs of the community, through good land planning, through stimulation of private enterprise, and through public housing whenever necessary. They should not limit themselves to one narrow job, because the country wants to see the whole job done. In short, each local authority should view the housing needs under its jurisdiction through the small end of the telescope.

I have said that the National Public Housing Conference and the local housing authorities should work for public housing. But they must also work for something bigger than that. The National Public Housing Conference should not get into the role of a pressure group, fighting only to protect one particular housing formula, or one particular housing method, or housing only for one particular group, or one particular kind of local housing agency. If the conference gets into that kind of role, it will not command any more respect or support than any other purely selfish pressure group. The real job of people who call themselves public housers is to express the whole public interest in housing, and not just in public housing, and to work for all the kinds of housing which the people need. I say this to you as a friend of public housing. I know the congressional attitudes, and I think I know the temper of the country. Public housing should not try to go ahead on the old, narrow, limited basis. But if the local authorities, at the community level, adopt the broad and comprehensive approach to the whole job that the National Housing Agency has taken,, under the leadership of the National Housing Agency, they will be very likely to succeed, and I know that the Congress will cheerfuly respond.

I am extremely hopeful that before long there will be an opportunity to propose and enact comprehensive legislation dealing with postwar housing. This legislation should follow these broad lines:

1. The National Housing Agency, and the consolidation which it represents, should be improved and made permanent.

2. The National Housing Agency should be furnished with all the tools which may help and stimulate private enterprise to do as large a part of the postwar housing job as it possibly can do.

3. The National Housing Agency should also have tools to assist communities to provide publicly aided housing for those whom private enterprise—with all the help we can give it—cannot serve.

4. The postwar housing program should operate on an entirely decentralized basis, with the communities determining their own housing needs and requesting such financial assistance as they may require from the Federal Government. The Federal Government should not build houses or conduct direct housing programs.

I know that the National Housing Agency is also moving along this direction. If all those interested in housing will help the agency to continue to follow that course, the prospects for housing will be brighter than ever before.

In addition, I believe that the State enabling legislation, under which local housing authorities were established, should be broadened, to the end that there may be local agencies of Government to perform the role of the National Housing Agency at the local level.

I have tried to be very realistic with you, telling you exactly what the situation is as I see it. Public housing can be stronger if it does not try to move solely on its own steam. It can gather greater strength and go further if it joins hands with private enterprise in a comprehensive approach. Both groups must accommodate their views, avoid any appearance of being ideologist, and move toward housing unity. That is what the National Housing Agency symbolizes. That is what the Congress and the country want.

Permit me to thank you for this opportunity to address you. It is a great pleasure to be here with you and, may I repeat, you may count upon me to continue to help you in every capacity within my power.

EXHIBIT A

Assumption: A unit involving expensive central slum clearance, $2,000 for land, $4,000 for building; total, $6,000.

I. Under United States Housing Act plan

Annual charges to be met:	
Interest and amortization (58 years, 2½ percent)	$197
Operating costs	110
Payments in lieu of taxes (5 percent of shelter rent)	10
Vacancy and collection loss (3 percent)	6
	323
Less Federal annual contribution	131
Annual rent charged occupant	192
Monthly rent charged occupant	16
Family income group served	960
Total annual subsidy cost:	
Federal annual contribution (total subsidy cost to Federal Government)	131
Value of local tax exemption	19
Total	150

II. Under tax-abatement plan

Annual charges:	
Interest and amortization on $2,000 land (100 years, 1¾ percent)	$35
Amortization on $4,000 building (33 years, 3 percent)	120
Operating costs	110
Taxes	100
Vacancy, collection, and contingency loss (10 percent)	54
Profit (3 percent on $4,000)	120
Total annual charges to be met	539
Monthly rental charged tenant	45
Family income group served	2,700
Total subsidy cost to Federal Government:	
(1) Capital grant:	
By tax abatement to purchaser of land bond (80 percent of $2,000)	1,600
By tax abatement to developer of house (80 percent of $4,000)	3,200
Total capital grant	4,800
(2) Annual contribution:	
By tax abatement on profit (80 percent of $120)	96
By tax abatement on yield on land bonds (80 percent of seven-eighths percent of $2,000)	14
Total annual contribution	110

1. Total local projects under U. S. Housing Act

	Number of units	Total development cost
In use as low-rent	100,355	$465,010,000
Converted to war use	53,834	259,322,000
Total	154,189	724,332,000
Suspended	24,940	98,918,000
Total	179,129	823,250,000

2. Annual contributions on 154,189 units

	Percent of development cost	Total amount	Amount per family
Normal prewar	2.8	$20,281,296	$131.54
Wartime:			
On 100,355 low-rent	2.2	10,339,356	103.03
On 53,834 converted	.23	607,935	11.29
Total		10,947,291	

3. Rental paid by occupants of 154,189 units

Prewar	$33,267,818
Wartime:	
On 100,355 low-rent	
On 53,834 converted	
Total	

4. Average shelter rent per unit and incomes before war

	Shelter rent	Family income
North	$14.73	$936
South	10.48	710
National	12.79	832

Mr. ELLENDER. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement showing the cost of housing under the original Taft-Ellender-Wagner bill, Senate bill 866, in contrast to the amendment by way of a substitute which came from the Committee on Banking and Currency. I shall not go into details. I am sure that the statement will be of interest to Senators.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT AS TO COSTS OF HOUSING PROGRAM

Under existing law, the Public Housing Administration has been authorized to enter into contracts for annual contributions aggregating not more than $28,000,000 a year. Annual contribution payments under any contracts are limited to periods not exceeding 60 years.

The following two tables, respectively, indicate the maximum cost of the housing program as provided under S. 866, as reported last year, and the maximum cost under the committee amendments to S. 866 reported last week. (Based on past experience, the actual costs may be substantially less.)

Financing under S. 866 (as originally reported)

[In millions of dollars]

[The maximum cost to the Federal Government of programs provided for by the bill is shown in the columns which are headed "Annual contributions"]

Purpose	Insurance authorizations	Repayable loans	Annual contributions: For first year	For second year	For third year	For fourth year	For fifth to thirteenth year	For each succeeding year
Title VII—FHA "Yield insurance" program for direct private investment in housing for families of moderate income	[1] 1,000	[2] 10						
Title VIII—Aid to localities for land assembly, clearance, and preparation for redevelopment		[3] 500	4	8	12	16	20	[4] 20
Title IX—Low-rent housing in urban areas			26.4	52.8	79.2	105.6	105.6	[4] 105.6
Title X—Farm housing aids by Department of Agriculture		[5] 250	2.5	5	7.5	10	[6] 10	
Title XI—Low-rent nonfarm housing in rural areas			5	10	15	20	25	[4] 25
Total	1,000	760	37.9	75.8	113.7	151.6	160.6	150.6

[1] In outstanding insurance and commitments to insure.
[2] To establish insurance fund; funds to be supplied through Reconstruction Finance Corporation.
[3] Loan funds to be obtained through issuance of obligations by National Housing Administrator. Loans must be repaid within 5 years except that $250,000,000 may be used for definitive loans repayable within 45 years. The $250,000,000 definitive loans authorization consists of an initial authorization of $50,000,000, increasing by a like amount at the beginning of the second, third, fourth, and fifth years after enactment, respectively.
[4] Annual contributions under any contract limited to periods not exceeding 45 years.
[5] Loan funds to be supplied by Reconstruction Finance Corporation. Authorization consists of $25,000,000 initial authorization, with additional authorizations of $50,000,000, $75,000,000, and $100,000,000, for second, third, and fourth years, respectively.
[6] Maximum total amount payable annually during each of the 10 years next succeeding third year after enactment.

Financing under committee amendments to S. 866

[In millions of dollars]

Purpose	Capital subscriptions, repayable loans, and FHA insurance authorizations: Capital subscriptions	Repayable loans	FHA insurance authorizations	Subsidy commitments [1]: Fiscal 1949	Fiscal 1950	Fiscal 1951	Fiscal 1952	Fiscal 1953	Each succeeding year
FHA title VI extension			600–[2] 1,600						
FHA title I program			[3] 10						
FHA new "Yield insurance" program	10		[3] 1,000						
RFC loan aids for manufacture and modernized site construction of housing		[3] 50							
Secondary market program (National Home Mortgage Corporation)	5	[3] 250–[4] 500							
Slum clearance and urban redevelopment		[5] 1,010		[6] 100	[6] 100	[6] 100	[6] 100	[6] 100	
Low-rent housing				32	64	96	128	160	[7] 160
Total	15	1,310–1,560	1,610–2,610	132	164	196	228	260	160

[1] The columns under this heading indicate year in which contract to make subsidy may be made; payment of subsidy may actually not be made until later fiscal year.
[2] The additional $1,000,000,000 to be available only with approval of the President.
[3] Authorization is with respect to amount of insurance or loans that may be outstanding.
[4] The second $250,000,000 to be available only with approval of the President.
[5] The authorization is with respect to outstanding amount and consists of an initial authorization of $10,000,000 in fiscal 1949, increasing by $200,000,000 in fiscal 1950, and by a like amount in fiscal 1951, 1952, 1953, and 1954, respectively. Funds not to be disbursable, however, for use in purchase of land before fiscal 1950.
[6] This subsidy is in form of nonrecurring capital grant. Funds under fiscal 1949 commitment not to be disbursable, however, for use in purchase of land until fiscal 1950.
[7] In form of annual contributions limited to periods not exceeding 40 years.

As indicated by these two tables, the following are the differences, program by program, between S. 866, as originally reported, and S. 866 under the committee amendments:

1. The Committee amendments provide for an increase in the FHA Title VI mortgage insurance program authorization by $600,000,000 (with an additional $1,000,000,000 to be available with the approval of the President). This provision was not contained in S. 866 as originally reported. It is to be noted that this is an insurance authorization and not a subsidy provision.

2. The committee amendments similarly increase the authorization on the FHA title I home repair and modernization loan insurance program by an additional $10,000,000—likewise a provision not contained in S. 866 as reported last year. This is likewise simply an increase in the insurance authorization and not a subsidy authorization.

3. Both S. 866, as originally reported, and the committee amendments provide for a billion-dollar yield insurance program (including a $10,000,000 capital subscription by the Government to set up the program).

Like FHA's other programs, premium charges will be made.

4. The committee amendments authorize RFC loan aids for the manufacture and modernized site construction of housing in the amount of $50,000,000 in outstanding amount. This program was not contained in S. 866, as originally reported. These loans are fully repayable.

5. The committee amendments provide for a secondary market program by the Federal Government for FHA and GI loans. The size of the program is a $250,000,000 one ($500,000,000 with the approval of the President) and involves a $5,000,000 capital subscription by the Government. This program was not contained in S. 866, as originally reported, and likewise involves loans to be repaid.

6. The committee amendments provide for a program of Federal aid for slum clearance and urban redevelopment involving a maximum of $1,010,000,000 in repayable loans, and $500,000,000 (over a 5-year period) in nonrecurring lump-sum capital grants. This compares with an authorization in S. 866, as originally reported, of $500,000,000 in repayable loans and a maximum of $20,000,000 a year in annual contributions (annual contributions under any contract limited to periods not exceeding 45 years).

7. The committee amendments provide for a maximum of $160,000,000 in annual contributions for an extension of the low-rent housing program (to be contracted for over a 5-year period), with such contributions limited to periods not exceeding 40 years. As originally reported, the amount of contributions authorized for low-rent housing was $130,600,000, but such contributions were payable over a 45-year period instead of the 40-year period provided in the committee amendments.

8. The committee amendments do not contain the program of farm housing aids by the Department of Agriculture contained in S. 866, as originally reported, authorizing $250,000,000 in repayable loans and annual contributions in the maximum amount of $10,000,000 a year payable over a 10-year period.

Mr. ELLENDER. Mr. President, it will be recalled that when the Congress enacted the Public Housing Act in 1937 a borrowing fund of $800,000,000 was created in order to assist in building public housing in various portions of our country. It also authorized total contributions of $28,000,000 annually. I have before me a statement showing how the contributions provided by the Congress were spent. This report shows that, of the entire amount which was authorized, considerably less was actually used. Mr. President, I ask that the report be printed at this point in the RECORD in connection with my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

ANNUAL CONTRIBUTIONS PAID UNDER USHA ACT

The annual contributions which have been paid in respect to low-rent housing under the United States Housing Act are shown in the attached table.

The total contributions authorized under the act are $28,000,000 per year. Although PHA has entered into commitments covering this whole amount, the contributions actually paid, as shown in the attached table, are only a fraction thereof. The reasons for this are as follows:

1. Low-rent projects under the original act which are eligible for contributions have required an average of only 64 percent of the amount authorized for them, due to the increase in the rent-paying ability of the tenants.

2. A few low-rent projects under the original act (for which annual contributions of $800,000,000 are authorized) have not yet been permanently financed and have not become eligible for contributions.

3. The projects under the defense amendment, PL 671 (for which annual contributions of $7,000,000 are authorized), are still financed by short-term notes at very low interest rates. Due to this fact and the increase in the rent-paying ability of tenants, only a very few of these projects have so far required contributions.

4. Contracts for annual contributions totaling $3,800,000 are outstanding on projects which were deferred during the war and which cannot now proceed under the original cost limitations of the act. No contributions are, of course, paid in respect to these projects.

5. The balance of the annual contribution authorization amounting to $1,900,000 is held in connection with federally owned projects which will ultimately be transferred to local authority ownership, at which time they will become eligible for contributions.

Annual contributions paid under USHA Act

Federal fiscal year	Low-rent projects under original act (Public Law 412)			Projects under defense amendment (Public Law 671) contributions actually paid	Total contributions actually paid
	Contributions actually paid	Maximum contribution authorized	Actual as percent of maximum		
1941	$4,747,176	$4,747,176	100.00		$4,747,176
1942	9,925,891	11,258,951	88.16		9,925,891
1943	9,882,882	13,049,251	75.74		9,882,882
1944	10,129,997	14,436,885	70.17		10,129,997
1945	8,681,922	14,477,969	59.97	$40,378	8,722,300
1946	7,091,344	14,501,979	48.90	45,391	7,136,735
1947	5,612,387	14,509,187	38.68	54,243	5,666,630
Total	56,071,599	86,981,398	64.46	140,012	56,211,611

Mr. ELLENDER. Mr. President, I should like to call to the attention of Senators, for quick reference, the supplemental report filed by the Banking and Currency Committee in connection with Senate bill 866. It will be noted that on pages 18 to 20 there is a complete summary of each title of the bill. It is very succinct and to the point, and I believe it can be read with advantage by Senators.

On pages 3 to 6 the Banking and Currency Committee has added a few new provisions. I may say that these new provisions were added to the bill so as to provide additional methods for enabling the builders of our country to provide more housing for our citizens. Under the new set-up an additional sum of $1,600,000,000 will be provided so as further to expand the provisions of title VI of the National Housing Act.

Mr. McCARTHY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Does the Senator from Louisiana yield to the Senator from Wisconsin?

Mr. ELLENDER. I yield.

Mr. McCARTHY. There is a matter which I think is more important to the Senator's State than it is to my own. I refer to loans for lower-cost homes. In talking to the southern legislators, I find that a great number of them, as well as the legislators from the west coast, are concerned with the lack of outlet for loans on the lower-cost, title I, class 3 housing.

Mr. ELLENDER. Yes.

Mr. McCARTHY. I wonder whether the Senator from Louisiana agrees with me that we should extend the secondary market so as to include loans on such homes, and that there is no danger in doing so, because in both the Taft amendment and my own amendment it is provided that the FHA may lay down the rules and regulations and may make sure that the construction is sound, before any loans are made.

Mr. ELLENDER. Mr. President, I doubt the necessity for that. As I understand the amendment which now is pending on the subject the only insured loans that are excluded from the secondary market are the class 3 loans provided for under title I of the National Housing Act. That is the way I understand the situation.

Mr. McCARTHY. That is not correct.

Mr. ELLENDER. I understand those loans are not as safe as those made under title 6, for instance, of the National Housing Act. I believe that if we can establish a secondary market to take care of virtually all loans except the class 3 loans under title I of the act, that will go quite a way toward providing more funds for an expanded building program.

Mr. McCARTHY. Mr. President, is the Senator from Louisiana aware of the fact that the principal reason for our asking for this secondary market provision is the conditions we found in the Senator's particular part of the country—in the South—and also on the West Coast? In my section of the country we find it impossible, because of the cold weather, to build adequate housing of the lighty constructed type. It was largely at the instance of the Southern legislators and the West Coast legislators that I began to draft this particular section. We included title 6 loans. Frankly, I considered not including them at all, but merely to have a secondary market for title 1, class 3 loans.

But now I find that the Senator from Vermont [Mr. FLANDERS] and the Senator from Ohio [Mr. TAFT] have stricken from the bill the principal reason for this section.

Mr. ELLENDER. Mr. President, I do not care to engage in an extended argument with the Senator from Wisconsin on that subject. I think he did that this afternoon with the distinguished Senator from Ohio. I repeat that as I understand the situation, the only loans ex-

cluded from the secondary mortgage market are the class 3 loans under title I of the NHA. Those are about the only ones I know of that are excluded.

Mr. McCARTHY. Mr. President, I should like to ask the Senator a question on a different point. I have often heard the Senator from Louisiana discuss the unfortunate plight of the low-income group of our people, and I have enjoyed hearing him discuss it. I think the Senator from Louisiana has done a splendid job in that connection. I gather that he is very much concerned about the situation of the people at the bottom of the income ladder. Bearing that in mind, would the Senator from Louisiana have any objection to enabling the Housing Administration to start, not at the second or third rung of the ladder, as is done now, but at the very bottom of the ladder?

Mr. ELLENDER. Mr. President, it would take a considerably larger amount of money to do the job as outlined by the Senator than the amount of money provided in this bill. I am in sympathy with what the Senator from Wisconsin is trying to do; but I believe that if we adopt his version of the bill, we shall make more or less "poor houses" out of the public housing which will be constructed under the bill.

Mr. McCARTHY. Does the Senator from Louisiana agree with me that, as of today, practically all the low-cost housing groups are frozen in the housing they now occupy?

Mr. ELLENDER. That is because of the action taken by the Congress last year in not permitting those able to pay high rentals to be evicted. I sponsored legislation on the subject but the Senate would not listen to my protest.

I should also like to call the attention of the Senator to the fact that 8 years ago, as I recall the time, the Congress passed a law providing that war workers could occupy low-rent housing. Many of the war workers are still living in those housing projects, and it is rather difficult to get them out. That problem is made especially difficult by the actions of the Congress itself. I am hopeful that such a condition as that will not occur any more. I am sure it will not be repeated under the pending measure, because we have attempted to prevent its recurrence.

Mr. McCARTHY. Let me ask the Senator another question: Will he agree with me that in this proposed legislation we should make it possible for the Public Housing Administrator to remove from such housing the higher-income groups, so as to make way for the lower-income groups?

Mr. ELLENDER. Yes, by all means. He should return to the original purpose of the Public Housing Act of 1937.

Mr. McCARTHY. The Senator from Louisiana does agree with me as to that; does he?

Mr. ELLENDER. Certainly.

Mr. McCARTHY. I thank the Senator very much.

Mr. ELLENDER. Mr. President, continuing with my remarks, I also invite Senators to read in the supplemental report certain provisions of Senate bill 866 which were eliminated. Among those are the provisions dealing with assistance to farm homes. There were several methods by which farmers were to be assisted. I agree that the methods outlined by us were rather complicated. Rather than have the Senate act adversely upon the subject, we decided, instead, to eliminate those sections, and to have a more detailed survey made of the matter, so that it could be more intelligently presented to the Senate at some future date.

Mr. President, I gave a brief résumé of all titles of the bill with the exception of the one dealing with public housing. That title amends the United States Housing Act of 1937 in a few respects. It authorizes contracts for Federal contributions to be entered into at the rate of $32,000,000 a year over the next 5-year period. That title is the one most objected to by real-estate lobbyists. But for that portion of the pending bill, there would be no opposition from that source.

Mr. President, the most important asset of a nation is not the coal or iron under its land, the electric power from its rivers, the fertility of its soil, or the immensity of its industrial plant. The element of a nation's wealth lies in the strength and health of its people—physical health, mental health, and spiritual health. This is something that many of us have known or felt for a long time. It took a war, however, to bring it before us with dramatic realization.

With unlimited natural resources alone we could not have won the war. It took men of endurance, courage, and determination to fly our planes, to man our ships and our tanks, to fire our heavy guns, and to fight on foot in the jungles, the desert, and in heavy snows. Behind the men of the fighting force stood millions of men and women, who worked in the mines, built the factories, riveted the ships and the bombers, made the guns, tanks, and shells, and ran the trains and drove the trucks and sailed the ships to carry the materials of war to the fighting fronts. Yes, we found out that the men and women of our country are our most important asset.

We found out another thing, too. We discovered that we had been negligent in the conservation of our human resources. Of the nearly 18,000,000 men called up for selective service, almost 6,500,000, or 36 percent, were rejected on medical grounds. This was beyond question the broadest and most intensive inquiry ever made into the health of the young men of this country. The results are shocking.

We have the sordid facts. What we want to know is: first, Why? and secondly, What steps can we as a Nation take to conserve the most precious of our assets?

An article in the Boston Globe for November 16, 1944, throws considerable light on the question—Why? This article begins: "War is a great revealer. The draft examinations turn a microscope upon the hidden weaknesses of the social structure." There follows an account of a comprehensive study which had been made under supervision of the chief of the medical staff of the Boston induction station. This study showed that two-and-a-half times as many of the men rejected for mental illnesses came from Boston slums as from the well-to-do suburban towns.

The doctors, in their report, stated that the stronger elements who can afford it move from the crowded city districts into the suburbs which have the advantages of open spaces and the culture of the city without the depressing effects of overcrowding. The weaker and poorer elements are left to struggle against the least favorable conditions.

Findings of the Boston study were supported by a similar investigation of men from our Nation's Capital passing through the Fort Myer induction station. The rejection rate from slum areas was more than 50 percent greater than from areas with good housing.

Physical illnesses as well as emotional disturbances were found to have a higher incidence among men coming from the slums. At the Boston induction station, the percentage of rejections for active or incipient pulmonary tuberculosis was more than twice as great in the case of men coming from the densely populated slums of the central city.

I would not have you believe, Mr. President, that all we have to do to better the health and welfare of our citizens is to provide decent housing. I do say categorically, however, that we can never expect to bring up our children to their full potentialities as American citizens, so long as millions of them are warped physically and spiritually by the slum environment in which they have been doomed to live.

Do not believe for an instant that 6,500,000 young men, who should have been in their very prime, became ill from conditions entirely beyond the control of society. Of course, many had medical histories derived from pure chance. But the failure of still more can be directly charged to the fact that we as a Nation have been wasteful of human assets.

The poverty and disease of crime-ridden slums have exacted their toll. Can we expect sturdy bodies in the midst of filth and squalor? Can we hope for emotional stability in an environment which invites and encourages antisocial behavior?

Surely, the relationship of bad housing and bad neighborhoods to illness and delinquency cannot be news to any Senator. For years and years it has been pointed out to us by competent investigators. Although it may not be news, it is unquestionably a shock to find that the dire predictions of the past have been proved correct by concrete evidence. At the time of our greatest national emergency, when every ounce of manpower was needed, we found there were millions of young men who did not measure up to the medical requirements.

What can we do? We have the blueprint—a blueprint which is not just a theoretical sketch on a drafting table, but one which has been tried and tested in nearly 300 communities of our country. I refer to the United States Housing Act of 1937. I have seen for myself and been completely convinced of the sound accomplishments under this act; else I would not have joined in the sponsorship of a measure which includes an extension of its basic provisions as an

integral part of a national housing policy designed to provide decent homes for American families at rents or prices they can afford.

When the Congress enacted the United States Housing Act in 1937 it was with the full recognition that private enterprise had the major responsibility for providing housing for the families of America. There was also recognition, however, that private enterprise could not provide minimum standard housing, either new or existing, at rents within the means of slum dwellers.

The United States Housing Act provided a system of Federal loans and annual contributions whereby local communities through their duly constituted housing authorities could, if they were willing to make the local contributions required by the act, make a start toward providing decent housing at low rents for families living in slums. Occupancy in the low-rent projects was restricted to families of low income. Let me cite the definition of families of low income contained in the act:

> The term "families of low income" means families who are in the lowest-income groups and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use.

There is no competition between the public housing projects of local housing authorities and standard housing provided by private enterprise. Those who claim that public housing unfairly competes with decent private housing are less than honest. Let me cite figures on the incomes of families admitted to public housing under the terms of the original act.

In 1941 the average income of families admitted was $795 per year. In the same year the average income for all urban families was nearly $2,100 with one-third of the families having incomes below $1,600.

By 1945 average income of urban families in the United States had risen to nearly $3,000, with one-third of the families below $2,360 income. In that same year, 1945, the average income of families admitted to public housing was $1,268.

For 1946 urban family income for the country averaged slightly more than $3,100, with the lowest third having incomes of less than $2,450. Families admitted to public housing in 1946 had an average income of only $1,317.

I ask a very simple question. Can families with incomes such as these afford a minimum standard dwelling being provided by private enterprise?

The United States Bureau of Labor Statistics has recently published a study showing how much it costs a typical family of four persons in each of 34 larger urban centers to maintain itself at a minimum adequate standard of living. This typical family consists of a father, aged 38, who is the breadwinner; a wife, aged 36; a boy, aged 13, in high school; and an 8-year-old girl in grade school.

Washington, D. C., had the highest cost of any of the cities. In June 1947 an income of $3,458 was required for this typical family.

I am proud to say that New Orleans, in my own State of Louisiana, had the most reasonable cost not only of any of the 34 cities but also of the 7 southern cities included in the study. Even in New Orleans it cost an average four-person family approximately $3,000 per year to maintain itself at what the Bureau of Labor Statistics describes as "a modest but adequate American standard of living."

To illustrate the minimum nature of this budget, here are some of the items it would cover. The husband would have a coat every 7 years and the wife could buy one wool dress every 5 years. Clothes for the children would be, in part, "hand-me-downs."

The food budget is modest and comprised of the lowest-cost items. Better cuts of meat and poultry are limited to 33 pounds per year, or just over 8 pounds per person. When waste in cooking is taken into account this means that there would be just about enough turkey or better cuts of meat for Thanksgiving, Christmas, and New Year's Day.

In terms of medical care, the budget provides for a regular visit to the dentist by each member of the family once every 2 years and one home call a year by a doctor to each family member.

And as to housing, even in New Orleans with the lowest cost, the rent of a minimum standard unit, including all necessary utilities, was found to be $37 a month—and that for a family requiring a total income of $3,000. Compare this with the $1,300 average income—an average for the country as a whole—of families admitted to public housing.

It must be abundantly clear that families in the lowest-income group, being served by public housing, cannot afford to pay the price demanded by private owners for decent accommodations.

Some people have claimed that local housing authorities permit families to remain in public-housing projects after their incomes have increased to a point where they can afford private housing. Let us examine the facts.

There are two income limits set in public housing. One, a maximum income limit for admission to projects, and the other, a maximum limit for continued occupancy. The income limit for admission is far below the income at which a family could afford even existing housing of a minimum standard. The limit for continued occupancy is a point at which the local authority believes that families should be able to afford private housing of a minimum standard. When a family's income becomes greater than the limit for continued occupancy, the family is no longer eligible to remain in public housing.

What happened was this: During the war, pursuant to the specific authorization of Congress, essential war workers were admitted without reference to income tests. Moreover, many families admitted because of their low-income status have experienced increased incomes along with the remainder of the population. Thus, the local authorities at the end of the war found themselves with a number of ineligible tenants.

While these tenants were ineligible to remain in public housing, the great majority, because of the acute housing shortage, had no hope of finding other homes if they were required to leave the low-rent projects. Despite this, the Public Housing Administration informed the local housing authorities that in accordance with their contracts with the Federal Government to maintain the low-rent character of the projects, ineligible tenants were to be given notice that beginning in 6 months they were to be evicted, a given number each month, starting with those of highest income.

By act of Congress this was, in effect, prohibited up to March 31 and later to April 30. This date has now been extended 1 year, to April 1, 1949, in connection with the rent-control bill recently passed by the Congress.

Mr. President, that was what I was attempting to point out to the distinguished Senator from Wisconsin, who is not on the floor at the moment. I tried to explain the principal reason for the fact that today some of the public-housing projects have families living in them who are able to care for themselves and are there because of the laws which the Congress has passed.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. OVERTON. Mr. President, my colleague is making a very able and informative address on the subject of the pending bill. I do not think there is exactly a quorum present at this time, and I wonder if the Senator would yield to me in order to suggest the absence of a quorum.

Mr. ELLENDER. I do not wish to yield for that purpose, Mr. President. I have almost completed my remarks. I should like to state to my distinguished colleague that I propose to board a plane within the next few hours for a hurried business trip. I thank my colleague very much.

Mr. President, despite a number of ineligible families, the average family income in the original low-rent housing projects in the year 1946 was but $1,691 a year. Where, except in public housing, can families of this income find suitable homes today?

I have taken some time to go into detail regarding the income of the families who have been accommodated in the housing which was provided out of funds authorized in the United States Housing Act. This I have done for two primary reasons.

First, to show clearly that public housing in no way competes with private enterprise. There is no responsible builder or real estate man who can back up with factual evidence a claim that private enterprise can now, or in the foreseeable future, provide decent housing for families of these incomes.

Secondly, to drive home the point that public housing has taken in families of low income, very low income, who otherwise would be forced to live and raise their children in the slums.

The Congress has up to now granted funds which have provided for approximately 190,000 low-rent dwellings. What has been accomplished for these families?

Listen to what has been accomplished. These are not my words but those of mayors, of teachers, of police, and health officers, and of other responsible local officials.

Newark, N. J.: Children rehoused in public housing showed marked improvement over their previous school records. There was an increase of 7 percent in school attendance, 10 percent in academic grades, 16 percent in personality development grades, and 19 percent in health habit grades.

Savannah, Ga.: The chief of police writes:

Before Yamacraw Village (a public housing project) was built, 19 percent of all crimes originated in that area. Now only 1 percent. I hope we can build more like them for our other slum districts. This department is short of 25 men now and it sure helps to have Yamacraw the way it is.

Pittsburgh, Pa.: A principal in the public schools says of children from the public-housing project in his district:

Increased respect for public property and the care and maintenance of it has been noticed. This is true of the school as well as in the homes I visited. * * * Health and cleanliness has been one of the most important gains. As the teachers have commented, this is very noticeable.

Los Angeles, Calif.: A report of the city planning commission shows that the juvenile delinquency rate is more than seven times as prevalent in areas of bad housing as in areas where children are living under good housing conditions. The incidence of venereal disease is 13 times greater in the slum areas.

Cincinnati, Ohio: Pneumonia deaths in Laurel Homes, a public-housing project, 2 per 1,000 population as against 14 in an adjacent slum district, and 6 per 1,000 in the city as a whole. Infant mortality in the adjacent slum area was five times greater than in Laurel Homes.

The commissioner of health of Cincinnati, just last October at hearings before the Joint Senate-House Committee to Investigate Housing, said:

From the point of view of health, the most vital basic need in housing is to find a way to house low-income families in safe and sanitary homes in good environment.

Birmingham, Ala.: The health officer of Jefferson County testified at hearings of the joint committee held in that city:

Most health officers feel that good housing does perhaps more to promote public health and elevate health standards than any other one thing. Personally I think good housing and a program of good housing is more important than any one, two, or three things any health department can do to promote health in its area. We waste money annually each year trying to combat infant mortality and tuberculosis simply because we cannot overcome the terrible environment that contributes to them.

Detroit, Mich.: Juvenile court workers report that there are no gangs in the public housing projects. Only 1½ percent of the 1,600 children have had any contact with the juvenile court and only 2 children must report to the juvenile officer. This, they report, is in extreme contrast to the slum areas of Detroit.

There is the story—from North, East, South, and West. It proves beyond any doubt that one of the most important ways to conserve the human resources of our country is to provide decent housing. I believe implicitly that the steps we first took in 1937 to provide public housing are now proven from actual experience to have been correct.

I said earlier that we had the blueprint. I have given evidence that in practice it works. Not only I, but no less than six congressional committees have come to the same conclusion since 1945 and have advocated an extension of the public housing program. Let me name them:

House Special Committee on Postwar Economic Policy and Planning—report on Public Works and Construction, 1945.

Senate Special Committee on Postwar Economic Policy and Planning—report of the Subcommittee on Housing and Urban Redevelopment, 1945.

Senate Banking and Currency Committee, Seventy-ninth Congress—report on Senate bill 1592, 1946.

Senate Banking and Currency Committee, Eightieth Congress, report on Senate bill 866, 1947.

Joint House-Senate Committee on Housing, majority report, 1948.

Senate Banking and Currency Committee, Eightieth Congress, report on Senate bill 866, as amended, 1948.

In the face of overwhelming evidence, of an obvious desire on the part of responsible citizens everywhere, of deliberations and searching investigations of six congressional committees, we cannot delay effective action toward the eradication of our slums and the building of decent homes for low-income families.

Before us now is the General Housing Act, Senate bill S. 866, of which I am one of the sponsors, along with the committee amendments which make in it the changes necessary to carry out the recommendations of the Joint Committee on Housing. This legislation has been favorably reported to us by the Senate Banking and Currency Committee. We have the opportunity now of providing America with a national housing policy, the ways and means by which the housing problem can be attacked on a broad front, by which private enterprise may be enabled to serve more of the total need. I call special attention to the fact that, although I have spoken principally about public housing, it will constitute only about one-tenth of the total construction expected under this legislation, yet the major attack is centered on this provision—which deals with perhaps 10 percent of the total construction volume contemplated.

But we cannot, in justice or in good conscience, enact legislation designed to set forth and implement a housing policy which is truly a national housing policy without any effective provision for low-income families now living in slums.

Mr. President, there is much more that could be said on the subject. It would be more or less cumulative. I stand ready and willing to try and answer any question that Senators may desire to ask relating to the pending measure. I have been working on the subject of housing for over 10 years and I am deeply interested in the subject. I hope the Senate will pass this legislation by an overwhelming vote.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4326) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

COMPENSATION TO VETERANS TRAINING ON THE JOB—CONFERENCE REPORT

Mr. TAFT. Mr. President, I wish to call up again the conference report on the veterans' legislation.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1393) to increase the permitted rate of allowance and compensation for training on the job under Veterans Regulation No. 1 (a), as amended.

Mr. TAFT obtained the floor.

Mr. SALTONSTALL. Mr. President, as the acting majority leader for the time being, I should like to ask the Senator from Ohio and the Senator from Oregon if they believe a quorum should be called before the conference report is discussed.

Mr. TAFT. I do not think it is necessary. So far as I know, those who have an interest in the matter have all agreed. I do not believe a quorum call is necessary.

Mr. MORSE. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. MORSE. I am very happy to report that the Senator from Ohio and the Senator from Oregon have reached a mutual understanding with regard to the disposition of the conference report on Senate bill 1393. The proposal was taken up also with the President pro tempore of the Senate, the Senator from Michigan [Mr. VANDENBERG], and this afternoon with the Senate Committee on Labor and Public Welfare.

I am very pleased to report, Mr. President, that the following disposition of the matter has been agreed upon by all of us who have been involved in this argument, subject, of course, to the approval of the Senate. As the first step in the proposed disposition of the issue, I ask unanimous consent to vacate all the proceedings of the Senate to date on the conference report on Senate bill 1393.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. MORSE. Mr. President, in lieu of the conference report, which is now in disagreement, I move that the Senate recede from its disagreement to the House amendment to the bill, S. 1393, and concur therein with an amendment as follows: In lieu of the matter proposed by the House amendment, insert the matter I send to the desk and ask to have stated. I say, by way of explanation, that it consists of the legislative provisions of the conference report.

The PRESIDING OFFICER. Without objection, the conference report will be

considered as disagreed to; and the clerk will read the matter submitted by the Senator from Oregon.

The LEGISLATIVE CLERK. In lieu of the matter proposed by the House amendment it is proposed to insert the following:

That paragraph 6 of part VIII of Veterans Regulation No. 1 (a), as amended, is hereby amended to read as follows:

"6. While enrolled in and pursuing a course under this part (including an institutional on-farm training course) such person, upon application to the Administrator, shall be paid a subsistence allowance of $65 per month, if without a dependent or dependents, or $90 per month, if he has a dependent or dependents, including regular holidays and leave not exceeding 30 days in the calendar year: Except, That (1) while so enrolled and pursuing a course of full-time institutional training, such person shall be paid a subsistence allowance of $75 per month if without a dependent or dependents, or $105 per month if he has one dependent or $120 per month if he has more than one dependent, and (2) while so enrolled and pursuing a course of part-time institutional training, including a course of institutional on-farm training, or other combination course, such person shall be paid, subject to the limitations of this paragraph, additional subsistence allowance in an amount bearing the same relation to the difference between the basic rates and the increased rates provided in (1) hereof as the institutional training part of such course bears to a course of full-time institutional training. Such person attending a course on a part-time basis, and such person receiving compensation for productive labor whether performed as part of his apprentice or other training on the job at institutions, business, or other establishments, or otherwise, shall be entitled to receive such lesser sums, if any, as subsistence or dependency allowances as may be determined by the Administrator: *Provided*, That in no event shall the rate of such allowance plus the compensation received exceed $210 per month for a veteran without a dependent, or $270 per month for a veteran with one dependent, or $290 for a veteran with two or more dependents: *Provided further*, That only so much of the compensation as is derived from productive labor based on the standard workweek for the particular trade or industry, exclusive of overtime, shall be considered in computing the rate of allowances payable under this paragraph."

SEC. 2. So much of paragraph 3 of part VII of Veterans Regulation No. 1 (a) as amended, as precedes the first proviso, is hereby amended to read as follows:

"3. While pursuing training prescribed herein and for 2 months after his employability is determined, each veteran pursuing a course under this part, shall be paid a subsistence allowance of $65 per month, if without a dependent or dependents, or $90 per month, if he has a dependent or dependents: Except, that (1) each veteran pursuing a course of full-time institutional training under this part shall be paid a subsistence allowance of $75 per month, if without a dependent or dependents, or $105 per month, if he has one dependent, or $120 per month, if he has more than one dependent, and (2) each veteran enrolled in and pursuing a course of institutional on-farm training or other combination course, under this part shall be paid, subject to the limitations of this paragraph, additional subsistence allowance in an amount bearing the same relation to the difference between the basic rates and the increased rates provided in (1) hereof as the institutional training part of such course bears to a course of full-time institutional training."

SEC. 3. This act shall take effect on the first day of April 1948.

Amend the title so as to read: "An act to provide additional subsistence allowances and to raise the ceilings on wages and allowances pertaining to certain veterans."

Mr. TAFT. Mr. President, my objection to the conference report arose from the fact that the conferees included an increase in the allowances for part-time educational trainees and on-the-farm trainees, also part time, when the original bill as passed by both Houses dealt with the question of ceilings, and did not deal with the question of allowances. I felt, therefore, that the conferees had exceeded their authority.

I had no particular views on the substantive question as to whether the allowances for part-time educational trainees should be increased proportionately or not. That proposal had been turned down, however, by the Senate Committee on Labor and Public Welfare, and I certainly did not think that the conferees had power to turn around and include it in another measure. The bill dealing with that whole subject had been passed by Congress and had become law.

What the Senator is now proposing is that we agree that the conferees' report should be rejected for that reason, but that the Senate itself accept an amendment increasing the allowances paid to part-time educational trainees. I took up that substantive question with the Committee on Labor and Public Welfare and that committee recommends to the Senate that it make that increase for part-time educational trainees and for on-the-farm trainees. Therefore, I would urge that the Senate do now adopt this substantive proposal and adopt the amendment offered by the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I only have a brief statement to make. I find myself in agreement with practically everything the Senator from Ohio said in regard to the history of the parliamentary situation in which we find ourselves. However, I do want the RECORD to show very clearly that I disagree that the point of order of the Senator from Ohio [Mr. TAFT] was well taken, because I am still of the opinion that the conference report was completely in order for reasons which I have already expressed at length in the RECORD, and which I shall not take the time to repeat today.

My major interest has been in securing Senate approval of the substance of the legislation proposed in the conference report. The arrangement which we have made, satisfactory to all concerned, puts the substance of the legislation on the statute books. That was my concern and objective as chairman of the subcommittee. It is my concern now, and I am very happy to enter into this parliamentary arrangement because it means the adoption of the legislation as proposed in fact by the conference committee. Further, the arrangement removes the possibility of the ruling of the Chair from which I appealed establishing any precedent.

Mr. GEORGE. Mr. President, may I make an inquiry of the Senator? Will the bill now go back to the House, or will this action end the legislative procedure?

Mr. MORSE. I understand it will have to go back to the House. However, the House has passed this legislation once, and I am confident it will pass it again very quickly.

The PRESIDING OFFICER. The House will have to act on the Senate amendments.

Mr. GEORGE. It will go back to the House for action on the amendment.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from Oregon.

The amendments were agreed to.

ORDER OF BUSINESS

Mr. TAFT. Mr. President, the policy committee of the Senate has been very strongly urged that early action be taken on Senate bill 2376, to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in agricultural areas and sold, providing $150,000,000 for the purchase of cotton and wool in the United States. I do not think a bill of such importance should be brought up at this time of the evening, but I give notice that consideration of the bill will be sought as soon as the housing bill is completed.

The PRESIDING OFFICER. The Chair wishes to state that the question pending before the Senate is the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL] to the amendment which was offered by the Senator from Ohio [Mr. TAFT], which in turn is the so-called Flanders committee amendment.

Mr. AIKEN. Mr. President, I should like to ask that the bill to provide a Federal charter for the Commodity Credit Corporation be given early preference. That is Senate bill 1322.

Mr. TAFT. I think it should accompany the other bill to which I referred.

Mr. AIKEN. Action upon it will not take very long. The bill was passed over twice at the request of two Senators. Perhaps it should come up at the same time as the bill referred to by the Senator from Ohio just now.

Mr. TAFT. Yes, I think that would be appropriate.

SOCIAL UNREST IN AFRICA

Mr. LANGER. Mr. President, if there is any excuse for us to be contending with the Russians in the present great world crisis, it lies in the fact that we oppose their system of social tyranny with the traditional American principle of human freedom.

This great Nation in its founding principles was concerned primarily with human liberty and human rights.

God only knows, we have departed far enough from these sacred principles of reasoned and decent human conduct on the domestic scene. This is an understandable, though lamentable, fact. It is a situation which badly needs correction in the interests of our great Nation. For no man among us can be safe and secure so long as the minority groups who live in our midst are embittered and soured on the democratic principle by reason of prejudice, discrimination, and suppression of their natural rights.

This is a difficult problem which almost baffles solution, since it is based on

inherent mass prejudices and on the substitution of emotion and calumny for reason and truth. It is a situation for which no logical and fair-minded man can find a logical defense, except to acknowledge that it is rooted in misinformation and ancient phobias.

The existence of such social discriminations has been ingrained in the minds and hearts of the majority since childhood. But in the minds of most Americans they are regretted, and condemned as contrary to both the law and spirit of our great country.

The social evil of race prejudice is an ugly fact, inimical to the welfare of every American. As education and understanding grow, it will be eradicated and cease to exist as a blot upon the social fabric of our democracy.

But whatever circumstances may be found to explain the existence of this evil in our domestic life, we, as a nation, have always proclaimed the principle of liberty and human equality as being the great goal toward which all mankind must strive.

It is generally recognized that in our struggle with the Soviet bureaucracies it is only by a rigid defense of the natural rights of man everywhere in the world that we can make out a case for ourselves. If we are to get down to the gross expediencies of pure materialism and consort with every scoundrel, murderer, and imperialist tyrant who happens to have a passing quarrel with the Russians we are on pretty feeble ground indeed.

Mr. President, in our relations with the British and the other imperial powers of the world whom we are supporting and funding out of the public tax moneys we are running an extremely grave risk. For in many parts of the world of great importance to us the peoples are beginning to believe that our declarations on liberty and freedom are hollow, and our claims for the democratic principle a mockery of truth.

These peoples, who now are groaning under the whip of imperial slave-masters, are the majority population of the world. The Russians are making them glittering promises based on the ultimate equality of man. That these promises are false is of little importance, for these unfortunate peoples, suffering and oppressed, and living in the utmost misery, see in our alliance with the European imperial powers nothing but hopelessness and despair for themselves.

I could speak at length, Mr. President, about the situation throughout Asia, where communism has made gigantic inroads due almost entirely to the colonial system of exploitation, greed, and cynical suppression which makes these peoples easy game for anyone who will promise them relief from the suffering and intolerable abuses of European imperial rule.

But, today, I should like to call particular attention to the Continent of Africa and to what is going on there behind the iron curtain of British, French, Belgian, and Portuguese rule.

The situation is shocking, and it is unbelievable that the United States of America—the champion of world liberty and freedom—should lend itself to its perpetuation.

The condition to which I refer is not only shocking—it is extremely dangerous to the United States. Our military men tell us that Africa, with its 200,000,000 people, is of the utmost strategic importance to us. Indeed, Africa might spell the difference between our ultimate security and the loss of a new world war.

Does anyone propose to tell us that in the event of a world struggle with the Russians we can hope to hold this gigantic continent, with its more than 200,000,000 inhabitants, if these people have learned to hate and fear us as the associates and backers of European enslavers?

To embark on a course which is sure to bring on our heads the bitter hostility of these restless millions of tortured black people is more than a moral mistake. It is a tragic piece of political folly as well, which eventually could cost us dear.

We are used to thinking of Africa as a quiet, mysterious country of veldt and jungle, inhabited by compliant savages who somehow worship the alien taskmaster who rules them. We are used to thinking of the colonial ruler in Africa not as a cold-hearted, greedy ruffian, but as a fine, moral gentleman whose plans for the spiritual and material welfare of the natives are continually frustrated by native ignorance, voodooism, and unprogressiveness.

The only case which can be made out for this concept is based on pure hokum and the conscienceless propaganda of the European colonial masters.

The truth is that Africa is no different from any other portion of the world which in the past has been invaded, abused, and squeezed dry for the benefit of foreign exploiters. Nor are the indignation and anger of these desperately exploited human masses any different from what they would be elsewhere under similar circumstances. The people of Africa are sullen, resentful, and desperate. The situation is so explosive today that it could easily result in a new river of blood flowing over that Dark Continent.

Slavery still exists in Africa. The doctrine of Caucasian race superiority is the ruling principle, and is enforced with guns. The native peoples are deprived of the simplest and most elemental human rights, and are forced to live under conditions so degrading and so miserable as to leave them open for any reckless adventure which might promise them hope for the future. They would be less than human indeed if they did not resent and hate conditions which have reduced them to little more than the level of cattle. Behind the iron wall of imposed silence and careful suppression of the news dispatches, Africa today seethes with bitterness and social unrest.

I shall touch a little later on, in some detail, on the terrible conditions which exist on that continent under the whip of imperial rule. In general, it may be said that the native peoples of Africa live under a type of humiliation which places them exactly in the class of chattel slaves. They are not allowed liberty to travel from one employment to another. They live on reservations and submarginal lands deemed worthless by the imperial master race. They may not have any schooling or do any other than the most menial tasks. Their women are at the mercy of every scoundrel and adventurer who comes along. Natives may be seized for public work without pay. Their cattle and lands are confiscated. They have no representation in law. They may not enter public buildings, and may be killed, exactly like animals, by anyone of the master race whom they offend.

When I consider for what cause we fought the American Revolution, and survey the depths of degradation, misery, and oppression to which the people of Africa have been subjected, it seems to me that our present policy in reference to the Africans is most odious. It cannot earn us the friendship of these peoples, which we one day may desperately need.

There was a period during the nineteenth century when the name of Africa was used frequently in these Halls. That was the period of American idealism, when many high-minded Americans, who I believe are still in the majority in our country, sought to bring the blessings of freedom and hope to the people of the Dark Continent. It was a time when we attempted to live in the spirit of our own principles, and to work toward the day when all the world would be free and bound to us by thongs of gratitude and affection.

Today, that time is past. We now are allied to a grinding Colonial despotism, which thrives on slavery, and which is dedicated to the proposition that there are master races and subject races, and that the subject races are to be hewers of wood and drawers of water forever.

The cupidity and greed of the imperial powers and their allies among the cartelists on our own continent, have been excited by the vast sources of wealth which exist on the continent of Africa. Africa possesses tremendous amounts of rubber, ivory, palm oil, cocoa, cobalt, manganese, zinc, and almost every known mineral. Its copper fields are the greatest in the world. In a single colliery in Southern Rhodesia, there are 4,000,000,000 tons of high-grade coal.

Nor is Africa to be discounted in the trading scheme of the United States. We send Africa mining machinery, motor vehicles, canned goods, electrical implements, drugs, clothing, and many other exports. The amount and value of these exports have steadily increased.

In return, large amounts of African produce are sent to the United States.

It is not commonly known, but Africa is greater in area than North America and South America combined. If Senators will look at the map and will note the peculiar geographic position of Africa, as it juts out into the Atlantic Ocean, they will see that Africa's western coast is only 1,000 miles away from the eastern projection of Brazil—a very short jump in this modern air age. An enemy nation which controlled Africa would be a dreadful menace to the security of the United States.

We should have learned long ago the lesson that the friendship of peoples is based, not upon the temporary residence of some dictator who enforces his rule with bayonets, but upon the good will and devotion of the people themselves. If the inhabitants of Africa are suffi-

ciently aroused, the continuous minor revolts which now agitate that continent will become a sweeping revolution, in which the Russians will pose as the friends and supporters of freedom and democracy, and we shall be accepted as the enemy—the consort of the European bloodletters, exploiters, and tyrants.

Africa no longer is the slumbering giant continent of the past. Its social and economic relations have changed rapidly with the social and industrial conditions which have affected the entire world. Particularly in northern and western Africa, areas which most concern us, mass movements for freedom and for relief from European tyranny have continued to grow and to gain strength.

Those who understand the course of human history know that the present divisions of territory in Africa among the European nations constitute a purely transitory phase. No great area can be held against the will of the resident population, who sooner or later will throw off the hated despotisms by bloody violence, if they can do so by no other means.

Today the bonds which bind African lands to the imperialist nations have grown imperceptibly weaker, just as the imperialist rulers have become increasingly autocratic and repressive in their methods out of the sheer fear which accompanies a realization of their weakness.

At the very moment when the needs for democratic self-government and self-improvement in Africa are becoming self-evident, the opportunities for American leadership to permanently tie the Africans to our own interests are clear enough.

Instead of so acting, to our own real and permanent advantage, we have abandoned our moral principles, and have hooked our wagon to the tissue-paper horse of a dying European imperialism. Sumner Wells has well said what most of us now realize: "The age of imperialism is ended." The trappings are there, and the frightful suppressions of imperial slavery are worse than ever, but nevertheless the age of imperial adventure is about to come to an end.

Can we not realize that with this fact has been born the other fact, namely, that no considerable people in the world can exist, if deprived of freedom, justice, and opportunity, without being a menace to us all?

I remind the Senate that the Communists have made great profit out of the discontent and oppression of peoples who have lived under the lash of privation and social despair. The Communist appeal, with its program of no class or race barriers between peoples, is a most attractive one to human beings who are suffering under the degrading control of European colonial exploitation.

The doorway to the American continent for the Soviets could more easily be by way of Africa than by way of Alaska and the Bering Straits. Communist penetration on the dark continent could be a terrible disaster for us.

Just as we are concerned about the spread of the Communist program beyond the borders of Russia into Europe and Asia, so we should be concerned about its spread into the African continent, where the broken liberties and miserable living conditions of the native peoples provide a fertile soil for the advancement of the Communist doctrine.

Like the peoples of Asia, the Africans have come to the conclusion that God did not make in favor of the Anglo-Saxon race a special dispensation by which it is entitled to oppress all others.

I may say here that, in addition to those among us who speak for freedom for its own sake and who are frightened by the course our State Department has taken in backing a system of corrupt colonial exploitation, already on its last legs, there is a vast group of Americans who, by reason of racial descent, feel the same sentimental sympathy for the suffering of the Africans that the various white groups feel for the countries of their own origin. An American of Negro blood is entitled to the same concern over the condition of the people of Africa, where his own forebears originated, that an American of Irish antecedents has for the welfare of a still ununited Ireland, or that an American of Polish blood has for his kinsfolk who are suffering under the heel of Russian communism.

Indeed, the man of Negro blood in the United States can add to his sentimental concern something even more real—a deep apprehension over the universal racist philosophy which condemns men, because of their skin color, to a life of discrimination and limited rights. Americans of Negro descent rightfully feel that the cause of their own emancipation and freedom is to large degree linked with the cause of emancipation and freedom from oppression of colored peoples elsewhere. If men can be humiliated and deprived of their essential rights in Africa—where they are the overwhelming majority—because of the color of their skins, the effect of this shameful situation will be felt here in the United States, as well. If, on the other hand, Africa is free and is inhabited by a self-governing, self-respecting people, whose contribution to the welfare of a stable world is self-apparent, the status of every individual of Negro blood in the United States will be improved; for, whatever else may be said on the matter, it is unquestionable that human beings tend to operate by example; and many see in the oppression and degradation of the Africans in their native home, a justification for the racist theories which would condemn people of dark skin to humble and obsequious tasks and a life of second-class citizenship.

Our Nation was far more wise in dealing with the Filipinos than in its present dealings with the African problem, a wisdom from which we reaped not only moral but material benefits.

Our Philippine record, quite unlike the record of the European colonial powers, was one of health improvement, educational development, economic rehabilitation and social advance. We assisted the Filipinos to become self-governing. The result was that the loyalty of the Filipinos in the war with our enemy, Japan, was a lasting testimonial to an intelligent and inspired statesmanship. It demonstrated the value of having a people tied to us by gratitude and appreciation, rather than having them sullen, antagonistic, and rebellious.

Let us take a frank look at the conditions under which the African people are living. By far the larger portion of Africa is under the control of the British, whose record is undoubtedly the worst of any of the colonial exploiters. Under British control, the slave trade has been in active operation, most of the slaves being seized in the British colonies and sent on to Arabia, where they are used for heavy labor, or to stock the harems of the Arab effendis. The British pretend that the slave trade is nonexistent, but behind this wall of hyprocrisy the great British trading corporations, backed by the Crown, do not let a little item like slavery interfere with profits.

A striking example is the colony of Kenya. Kenya is a mandated territory given to Great Britain under the premise of conserving the interests of the native inhabitants as against the day of eventual self-government. Under British rule in Kenya, no native is allowed to practice a profession or to attain any status above that of a menial. The native population is forced to live on submarginal lands, their other lands having been seized outright by a small group of plantation owners, whose only interest is to drain off profits as fast as they can. If a native enters a white man's house in Kenya, he may be shot without recourse to law.

The natives of Kenya are of fine, intelligent stock. After Britain found herself in a precarious position in the late war, the repressions existing against natives were lifted in part, but nevertheless no native was allowed a voice in his own affairs, the colony being run by a legislature composed entirely of representatives of the few resident Europeans. The natives were allowed to build factories and to attain the status of skilled workmen and even managers.

The record shows they acquitted themselves magnificently. Under native direction and workmanship, packing plants were built to process meats. Under instruction the natives soon showed themselves skilled in the arts and know-how which attend our own industrial civilization. They became chemists or chemist helpers, medical attendants, and executives, and in other ways they showed a very real capacity to handle themselves under terms of modern social existence.

Immediately after the war, when the need for these services no longer existed, the British closed down on the natives again. They dismantled the factories and returned the native managers and skilled workers to their former menial places. Even worse, they reduced the native tribesmen to near starvation by taking from them their herds of cattle at confiscatory prices. Today in Kenya native life is cheap, and the spirit of hatred for all whites is dangerously rife.

In Nigeria, of extreme importance to us because of its position, there have been armed revolts, which have been put down by the same ruthless means utilized by Russia in the Balkans. Nigeria's 21,000,000 inhabitants are ruled with an

iron hand by the 6,000 resident Europeans. An effort by the natives to obtain some amelioration by sending a delegation to London achieved nothing. In the Union of South Africa, the millions of natives are completely disfranchised by the relatively small European minority, though here it must be said the Europeans have come as residents, not as alien taskmasters. As elsewhere under British rule, the Negro has no political rights, whether he be a half-caste or pure bred.

Throughout Africa, forced labor is common either by direct seizure of person, or by the indirect method of taxation which is to be paid off in labor. By the act of 1925, in the Union of South Africa, any European policeman may demand production of a tax receipt showing that the native has done the free labor demanded of him. If he cannot show one, he is grabbed and thrown into a camp, or his cattle and possessions confiscated. Another device is the so-called pass law. When traveling from one area to another, natives must carry traveling passes. In the mining territory of the Union, a laborer must receive permission from his employer if he wishes to leave the property in which he is employed. In other areas, a man employed on a private farm must have such a document of identification even before he can go to his own home. No one may hire him except with the approval of his former employer. In most of these areas, as in southern Rhodesia, there is a curfew law which compels all natives to be indoors between the hours of 9 in the evening and 5 in the morning.

All skilled occupations are reserved for Caucasians. Laborers are paid on a wage scale based on the color of their skin. For example, in the mines the wages paid to whites for identical work is 8 to 1 as against wages paid to colored. The average wage paid natives in the mines is around $14 a month. Farm wages may be as low as $1.50 a month.

There are two sets of criminal laws, one applied to natives, the other to Europeans. The breaking of a contract for service, for example, is a criminal offense on the part of a native, as is the nonpayment of rent.

Not even in Nazi Europe has there been so evil a set of working and social conditions as that found under the rule of so-called enlightened European masters on the continent of Africa.

This sinister situation, I repeat, will give way to savage political disorders which will be of dreadful portent to our own Nation. It is an ugly piece of business, which bodes nothing but evil for us and throughout the world. In their arrogant master-race philosophy, the British have not only disfranchised the Negro, they have also disfranchised the East Indians, the Arabs, and other dark races who are fairly numerous in the British possessions in Africa. In South Africa, Ghandhi—think of it, Mr. President—even Ghandhi was not allowed to enter a public building because of his dark skin, a fact he never forgot. Throughout India, a great wave of antagonism based on the treatment given Indians in Africa, has extended from the departing British masters, who still control the country economically, to the people of the United States, who are considered to be hand-in-glove with the British.

Again I must refer to the tremendous sums of money which have been voted to the British by this Congress, and which now again have been voted them under the so-called European recovery plan.

The big bulk of this latest sum, which is supposed to be a safeguard against communism, is going to the British.

The British propose to spend the greater part of their share in the so-called development of Africa. They are organizing giant corporations for this purpose.

These corporations will not operate for the good of the people of Africa. They are far away from the pronouncement by President Woodrow Wilson, embodied in the fifth of his fourteen points for settling World War I, that all colonial claims must be adjusted "on the principle that the interests of the population must have equal claims with the claims of the government."

In their operation, the interests of the native population will not be consulted. These corporations will perpetuate all of the vicious evils which now exist. Their purpose will be to drain off as much wealth as they can from the African Continent, and deal with the native peoples as helots and slaves. Any crime and any outrage against the native population will be justified if it will yield profits.

This is a system whose perpetuation is sure to result in revolutionary outbursts and to provide a field day for radical adventurers.

Indeed, in a published comment issued in August of 1947, a British Digest of World Affairs meant for distribution in America, had the effrontery to call for American participation in the so-called African Development Co., on the claim that part of its benefits would be that the Negroes of the United States could be sent back there. This paper, evidently with the blessing of the British ruling powers, suggested that such an act of wholesale expatriation "would be to the enormous advantage of the United States." In short, by this outrageous proposal, Americans of Negro descent are to be cast out and returned to Africa to outright slavery.

The same paper, with an eye to the depressed conditions under which native labor is forced to operate, comments on how profitable the venture could be, remarking that coal produced in southern Rhodesia could be sold at a portion of the price of coal produced in Britain or America, even when the huge costs of transportation were taken into consideration.

The paper remarks smugly that "the whole Anglo-Saxon bloc" must go into this "profit-making development," and asks for an African Development Co. with a minimum capital of approximately $20,000,000,000.

Could anything exceed this for outrage? Our Americans of Negro blood are asked to provide British exploiters with funds, through the tax moneys, with which further to enslave Africa, which is to be a great concentration camp to which Americans of Negro descent themselves are to be sent.

How even the fellow travelers of the British Crown who infest our State Department could have gotten themselves to agree to this damnable proposition is more than sanity can make out.

Through the recent action of this Congress, America has agreed to throw tremendous sums of American tax money into Europe for the declared purpose of stopping communism. Now we discover that an important share of these moneys is going into an African development scheme, a piece of vicious human exploitation which in the end will provide fertile ground for the growth of a powerful African communism. The whole situation is little less than a swindle upon the credulity of the American people.

This swindle is made even more ridiculous by the latest advices from Britain that the current great peanut-growing scheme in central Africa, in which so much American tax money provided to Britain is invested, is doomed to fantastic failure. This adventure alone has cost over $100,000,000.

Thus all of this high-powered activity by which we are being bamboozled against our own interests is not only morally rotten, it is a material failure as well.

Our latest information shows that the British are even euchring us out of our oil in Ethiopia, concessions which are far safer than those across from the Russian border in Arabia. In Ethiopia, which the British control outright through a quisling government, controlled and directed by them, the Somali tribesmen in the Ogaden area, where the Americans have their concessions, have been encouraged to believe that the Americans are the enemy. American motorcars are stoned and British officials refuse to make arrests. British officers told an American oil crew that the police would not be responsible for any assaults if the Americans continued their drilling operations.

On top of this, the United States State Department suggested to the oil company that it withdraw, on the excuse that it could not get sufficient laborers. The oil company immediately pegged this lie with the retort that they had been swamped with applications.

When and where is all of this to end?

I cannot help but believe that a violation of the fundamental moral law of mankind is just as destructive when committed by British enslavers as when committed by the Russians; and that British criminality in Africa is as abominable in the name of profits as is Russian criminality in Poland and Bulgaria in the name of Communist rule.

What I object to principally is that we are footing the bill for all this and that we are operating not only against our own principles and ethics but also directly against our own interests. Joe Stalin must be having a big time watching this insane exhibition.

If we are to make any loans whch are to be spent in Africa, it appears to me that the money could be better spent by making the African people themselves the direct beneficiaries, rather than for the purpose of enabling British cartel associations to extort dividends.

We could repeat what we did in the Philippines, establish schools, public health missions, and build roads and harbors. There would be great results to us in trade through the further introduction of western manufacture and the electrification of settled areas. The introduction of these basic agencies of civilization would bring many benefits to the African peoples, and would encourage them in their programs of self-help and internal development.

Instead of dumping our money into a bottomless sewer, we would actually receive a decent return on these investments, without losses, and in addition, we would have the friendship of these people.

If our policy is to make Africa, with its 200,000,000 inhabitants, a gigantic slum, we shall reap the disaster which must unfailingly accompany such a policy. If, on the other hand, we are anxious to advance the techniques of Western civilization and the common culture of the free nations, we have a great laboratory in Africa in which to work. But this work will have to be done independently of imperialistic economic projects, which are doomed ultimately to failure, anyway.

If we do not demand as part of the price for our help to Europe, the immediate reform of Africa, freeing it of its present abuses, Josef Stalin will be the knight in shining armor to whom the Africans will look for rescue.

The least that can be done is to give the Africans a voice in their own government, and to free them from the disabling regimes by which they now exist exclusively for the purpose of providing profits for foreign self-seekers and oppressors.

Mr. Truman has stated that world peace cannot be attained so long as any part of the world is unfree. We have it in our hands to make this assertion good in practice, and Africa is one of the major areas where the need is self-evident.

Discontent, oppression, and misery in an area the size of the Dark Continent, inhabited by so many millions, is menacing to the United States, to its ideals and to its future. Now, at a time when a world-wide struggle has developed between the Russian system of society and our own, to continue to back the decaying European imperialists in their grubby adventures for profit, is pure madness. Unless we of the democratic west reexamine our world policy in this intensifying struggle for the souls of men everywhere, we may lose Africa through losing the friendship and regard of its people. The revulsion of Africa against the doctrine of imperialist racial superiority easily could turn her on an antidemocratic course.

If our policy is wise, Africa and her peoples could be our friend for the next 1,000 years. The last world war proved that Africans are good soldiers, and competent to build an industrial civilization. With a rising standard of living, there would be a market for the sale of many American manufactured items, such as automobiles, tractors, household goods, and other commodities which cannot be used by exploited peoples living on a subsistence level.

In any case, neither Europe nor America will have peace so long as either Asia or Africa provides an arena for colonial terror and greed, and so long as seeking after profits takes precedence over liberty and human decency.

The least our Government can do would be to send a commission to Africa to investigate and to see for just what purpose the funds we have loaned Britain and the other European states are being used. Our stake in this proposition is immediate and pressing.

TOMORROW'S WORLD—POEM BY GEORGIA D. JOHNSON

Mr. President, I have in my hand a poem entitled "Tomorrow's World." It is from the pen of Georgia Douglas Johnson, who resides in the District of Columbia, a woman of rare literary attainments, a forceful writer, and an American poetess of distinction and renown.

Mrs. Johnson, a colored woman, is prominent as a leader among the women of her race on the national level. She is the widow of the late Col. Henry Lincoln Johnson, who was a great lawyer, a fearless leader of his people, and a stalwart Republican who served as Recorder of Deeds for the District of Columbia under the administration of President Taft. He was also nominated for this position by President Harding, but upon the objection of Tom Watson, a Senator from the State of Georgia, the United States Senate refused to confirm him. Johnson also served as a member of the Republican National Committee from the State of Georgia, which position he held at the time of his death in 1925. He had the distinction of having been elected to every Republican National Convention, as a delegate from the State at large, from 1898 to 1924. Although his election was contested every time, he never lost a contest.

Mrs. Johnson is the mother of two sons, Henry Lincoln Johnson, Jr. a prominent member of the bar of the District of Columbia, and Dr. Peter Douglas Johnson, a prominent physician, also of the District of Columbia.

I ask unanimous consent that the poem be printed in the RECORD at this point.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

TOMORROW'S WORLD

Come, brothers, from the ends of earth;
This is the trumpet call,
To understanding, fellowship,
And tolerance for all.

Why suffer power, arrogance,
With vanity and greed,
To rise again upon the land
And on its vitals feed?

Why should we follow brazen drums
Into the flames of war?
Since we are brothers of one blood,
What are we fighting for?

Come! Come, before the atom bomb
Blasts out humanity,
Grinding to ashes all the world
In bitter mockery.

Come! And tomorrow's world shall rise
With broad horizons fair,
And weary, watching humankind
Will know that God is there.

Tomorrow's dawn can make the dream
Of brotherhood come true,
The prayer for peace and happiness:
God made this world for you!

THE REA AND THE PLAINS STATES

Mr. LANGER. Finally, Mr. President, I wish to thank the Senate for having excused me from attendance this afternoon so that I might appear before the subcommittee of the Committee on Appropriations in behalf of the Rural Electrification Administration and the extension of its work in the Great Plains States. I was joined by the junior Senator from Montana [Mr. ECTON] and my distinguished colleague the junior Senator from North Dakota [Mr. YOUNG], who is a member of the Committee on Appropriations. We demonstrated that in the Great Plains area the States of North and South Dakota, Montana, Iowa, Nebraska, Wisconsin, Minnesota, and to some extent the State of Illinois, the amounts of money necessary to place the farmers in those States on a par with the farmers of other States have not been received from the REA and the Government.

There is great discrimination among the States in the furnishing of facilities to farmers for light and power. For example, in the State of Rhode Island 95 out of every 100 farmers have light and power. North Dakota is the forty-eighth State in the list, and has been since the REA was inaugurated. From 1934 to the present we have been the forty-eighth State. Only 7 out of every 100 farmers in the State have light and power. The State of South Dakota is the forty-seventh State. Only 9 out of every 100 farmers have light and power.

This afternoon we asked that one-tenth of all the money that is appropriated for REA purposes be turned over to the Administrator of REA, Mr. Claude Wickard, that he might use it in his discretion in the Great Plains area, in those eight or nine States which are still at the very bottom of the list.

Consider for a moment the State of Nebraska. The distinguished junior Senator from Nebraska [Mr. WHERRY] appeared before the committee that was investigating the REA a short time ago, and to his surprise he discovered that although in 1945 Nebraska was the thirty-fourth State in the Union in REA contributions, because of the lack of development in the State it had sunk and was the forty-fifth State as of the 8th day of January 1948.

I appeal to the fairness of Members of the Senate to see to it, when the appropriation bill comes before the Senate, that provision is made such as that in the Soil Conservation Act, that one-tenth of the sum appropriated may be spent in the discretion of the Administrator of the REA in those States which, either intentionally or unintentionally, by accident or design, may have been discriminated against, with the result that the farmers living therein have not facilities for light and power comparable with those afforded the farmers in other States.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. IVES in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. MILLIKIN, from the Committee on Finance:

Nellie Tayloe Ross, of Wyoming, to be Director of the Mint (reappointment);

Walter R. Sturr, of Florida, N. Y., to be collector of internal revenue for the fourteenth district of New York, in place of Harry M. Hickey, resigned; and

James M. Robertson, of Norfolk, Va., to be collector of customs for customs collection district No. 14, with headquarters at Norfolk, Va., in place of Alexander H. Bell, resigned.

RECESS TO 11:30 A. M. MONDAY

Mr. KNOWLAND. Under the order previously entered that when a recess is taken today it be as a mark of respect to the memory of the late President Manuel A. Roxas of the Philippines, I now move that the Senate take a recess until Monday next at 11:30 o'clock a. m.

The motion was unanimously agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, April 19, 1948, at 11:30 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate April 15 (legislative day of March 29), 1948:

FEDERAL POWER COMMISSION

Harrington Wimberly, of Oklahoma, to be a member of the Federal Power Commission for the term expiring June 22, 1953.

Thomas Chalmers Buchanan, of Pennsylvania, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1952.

THE TAX COURT OF THE UNITED STATES

The following-named persons to be judges of the Tax Court of the United States for terms of 12 years from June 2, 1948 (reappointments):

Richard L. Disney, of Oklahoma.
Byron B. Harlan, of Ohio.
Miss Marion J. Harron, of California.
Samuel B. Hill, of Washington.

IN THE MARINE CORPS

The below-named officer for appointment to the temporary grade of brigadier general in the Marine Corps:

Harry B. Liversedge

The following-named officer for appointment to the permanent grade of major general in the Marine Corps:

Louis E. Woods

The following-named officer for appointment to the permanent grade of brigadier general in the Marine Corps:

William L. McKittrick

The following-named officer to be a second lieutenant in the Marine Corps:

Manuel F. Castro

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 15, 1948

The House met at 12 o'clock noon.

Rev. Russell W. Lambert, minister, First Methodist Church, De Kalb, Ill., offered the following prayer:

Mindful of the tasks before us and our dependence upon Thee for guidance and discernment, we take this moment for quiet communion with Thy spirit.

We are thankful for the wisdom we possess; may we be constantly aware of its source and humbly accept the responsibility it demands of us. We are grateful for the confidence others have placed in us; may we benefit them to the best of our talent and time by serving the commonweal. We are mindful of the blessings of freedom; may it find constant and intense witness in us.

In this day of tired liberty and frustrated vision, let us become apostles of the dynamic heritage that is ours. Let us not be limited to material expression of that which is best demonstrated in spiritual commitment to eternal verities.

Rekindle, O God, the flame of moral freedom: that the future will have light to guide its venture of faith. From an old world we step into a new age; for it we need all the vision Thou canst yield. The horizon's dawn of peace and fellowship is the prayer of millions of Thy children with whom we join in questing hope.

Give us vision to see the glorious road ahead, and, when we see it, Lord help us to have courage enough to walk on it, even alone. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 154. Concurrent resolution authorizing a reprint of the report on supplements 1 and 2 of the Subcommittee on National and International Movements of the Committee on Foreign Affairs, entitled "The Strategy and Tactics of World Communism"; and

H. Con. Res. 184. Concurrent resolution amending House Concurrent Resolution 139, Eightieth Congress.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2195. An act to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2038. An act to enable the Secretary of Agriculture to conduct research on foot-and-mouth disease and other diseases of animals and to amend the act of May 29, 1884 (23 Stat. 31), as amended, by adding another section.

LEAVE OF ABSENCE

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Illinois [Mr. TWYMAN] be granted leave of absence indefinitely on account of important business.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. KEARNEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include a résumé of New York veteran laws.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in two places in the RECORD and to include in each extraneous matter.

Mr. HOFFMAN asked and was given permission to extend his own remarks in the Appendix of the RECORD on two different subjects and include newspaper articles.

Mr. ELLIS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper item.

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a statement entitled "Reducing 10 Pounds in 18 Days With Oleo in the Diet."

I also ask unanimous consent to extend my remarks in the RECORD and include a statement entitled "Operation Oleo Versus Operation Alaska." I understand a lot of men are needed in Alaska. I make the suggestion that one battalion go to Alaska and attend to that situation and not fight the dairy farmers and spend their time and effort trying to ruin the dairy business by serving oleo instead of butter in the Army.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HESS asked and was given permission to extend his remarks in the RECORD in two instances and include copies of essays.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an article from the Portland Oregonian entitled "First Water for Big Basin."

Mr. CHURCH asked and was given permission to extend his remarks in the RECORD and include an article appearing in the Washington Times-Herald of today entitled "Taft-Hartley Surprises."

Mr. MEADE of Kentucky asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. HARLESS of Arizona (at the request of Mr. BECKWORTH) was given permission to extend his remarks in the RECORD and include a letter.

Mr. MANSFIELD (at the request of Mr. JACKSON of Washington) was given permission to extend his remarks in the RECORD in two instances and include news items.

Mr. MORRIS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. BARTLETT asked and was given permission to extend his remarks in the RECORD and include an editorial from the St. Louis Post-Dispatch.

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD and include an address by Maj. Gen. Philip Fleming, Administrator of the Public Works Agency, given before the Parent-Teacher Association of Dover, N. H.

Mr. HART asked and was given permission to extend his remarks in the Appendix of the RECORD and include stanzas by the Reverend August F. Bender.

Mr. LUCAS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Fort Worth Star-Telegram.

Mr. CELLER asked and was given permission to extend his remarks in the RECORD.

Mr. MILLER of California asked and was given permission to extend his remarks in the Appendix of the RECORD.

CARE OF OUR ELDERLY CITIZENS

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Speaker, surely this Eightieth Congress will not close their eyes to the need of our elderly citizens. Through no fault of their own, they have been thrown upon the care of the Government.

These are not idle words when we say that in industrial cities, the earning capacity of our citizens is on the decrease from the age of 45 years. Many industries refuse to hire men over 45 and women over 40 years. Realizing this fact, we certainly can then understand the crying need of legislation that will furnish a real security for the elderly citizens of our great Nation, not based on want and misery, but on right of citizenship and age.

Let us, as Members of the Eightieth Congress realize that the elderly men and women and unemployables can be made an asset in every community, not a tax burden, but citizens with a purchasing power to buy the merchandise that industry can produce.

We cannot, as a nation, afford unemployment and lack of buying power, and let us not forget that profits come from sales; no sales, no profits.

The aged want security, consumers want goods, businessmen want business, manufacturers want orders. These goals cannot be achieved without mass buying.

The cost of old people's homes and public and private charities would be drastically cut. Crime cost would be drastically reduced with the abolition of poverty. Much of the heavy overhead of the present old-age assistance systems can be saved by the enactment of such a program as offered under the provisions of H. R. 16.

The Townsend bill will save the dreadful cost of depression. Let us not forget that the unemployment during the last depression cost us, in income loss alone, far more than the First World War.

That depression of the thirties cost at least 70,000,000 man-days of production—a loss to the Nation of $250,000,000,000; enough to buy a $5,000 home for each of our 10,000,000 veterans, and 40,000,000 other people. Who can compute the cost of depression in lowered morale, broken lives, shattered ideals? Such things causes the destruction of faith in the American's way of life.

We must safeguard that which we hold dear in our American way of life, and see to it that the men and women who as citizens helped make this country great, have real security.

TRANSFER OF SURPLUS REAL PROPERTY

Mr. WELCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3703) to authorize transfer of surplus real property to the jurisdiction of the Department of the Interior for consolidation of Federal holdings within areas administered by the National Park Service, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 3, after "property", insert "situated within the boundaries of a national park or national monument and."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MULTER asked and was given permission to extend his remarks in the RECORD in three instances and include in each newspaper articles.

Mr. DEVITT (at the request of Mr. KEATING) was given permission to extend his remarks in the RECORD and include an article appearing in the St. Paul Pioneer-Press.

Mr. JENKINS of Pennsylvania asked and was given permission to extend his remarks in the RECORD on the subject of Casimir Pulaski.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a resolution on the Palestine question adopted by the Chelsea City Council.

Mr. POWELL asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BROOKS asked and was given permission to extend his remarks in the RECORD and include an address by H. B. Martin.

Mr. BUCHANAN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BREHM asked and was granted permission to extend his remarks in the Appendix of the RECORD.

PRIVILEGE OF THE HOUSE

Mr. EBERHARTER. Mr. Speaker, I have been subpenaed to appear before the District Court of the United States for the District of Columbia to give testimony on April 15, 1948, at 2 p. m., in the case of the United States against John Howard Lawson, which is a congressional contempt proceeding. Under the precedents of the House I am unable to comply with this summons without the consent of the House, the privileges of the House being involved. I therefore submit the matter for the consideration of this body.

Mr. Speaker, I send to the Speaker's desk a copy of the subpena.

The SPEAKER. The Clerk will read the subpena.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA, CRIMINAL DIVISION

UNITED STATES OF AMERICA V. JOHN HOWARD LAWSON, NO. 1352-47

To HERMAN P. EBERHARTER,
Pennsylvania, House Office Building, Washington, D. C.:

You are hereby summoned to appear before the District Court of the United States for the District of Columbia at the District Courthouse in the city of Washington, D. C., on the 15th day of April 1948 at 2 o'clock p. m. to answer to an indictment charging the defendant with violation of title 2, section 192, USCA.

HARRY M. HULL, *Clerk.*
By HELEN M. MCINTOSH, *Deputy Clerk.*

Mr. MICHENER. Mr. Speaker, I offer a privileged resolution (H. Res. 538) and ask for its immediate consideration.

The Clerk read as follows:

Whereas Representative HERMAN P. EBERHARTER has been served with a subpena to appear as a witness before the District Court of the United States for the District of Columbia to testify at 2 p. m. on the 15th day of April 1948 in the case of the *United States* v. *John Howard Lawson*, Criminal No. 1352-47; and

Whereas by the privileges of the House no Member is authorized to appear and testify but by order of the House: Therefore be it

Resolved, That HERMAN P. EBERHARTER is authorized to appear in response to the subpena of the District Court of the United States for the District of Columbia at such time as when the House is not sitting in session; and be it further

Resolved, That a copy of this resolution be submitted to the said court as a respectful answer to the subpena of said court.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MERROW asked and was given permission to extend his remarks in the RECORD and include an editorial.

"KEEP COLD WITH COOLIDGE"

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, the heading of this speech should be "Keep Cold With Coolidge."

You remember back in the days when Calvin Coolidge was President there was a slogan, "Keep Cool With Coolidge," and it was used by both Democrats and Republicans with respect for the distinguished gentleman who was then President of the United States.

That slogan should now be changed. They have a lieutenant governor up there named Coolidge. During the last winter they had a very serious fuel shortage up in that country, and the Southern Democrats in Congress did their best to help them get relief. Yet I see this Lieutenant Governor Coolidge comes out in a vicious and unwarranted attack on the people of the Southern States. So I suggest that the slogan now should be "Keep Cold With Coolidge."

There is only one State outside the South and the West that is outside the "iron curtain" of discriminatory freight rates that produces enough oil to supply its own needs and have any to spare, and that is the State of Illinois.

The oil that supplies New England, as a rule, comes from Texas, Mississippi, Louisiana, Oklahoma, Alabama, Arkansas, and California. We have done everything we could to help those people in their need, and expect to continue to do so, but it certainly comes with poor grace for the Lieutenant Governor of that State to come out and make a vicious attack on the people of the Southern States at this time.

By his attack he suggests the slogan, for his State, "Keep Cold With Coolidge."

ARTHUR COOLIDGE, LIEUTENANT GOVERNOR OF MASSACHUSETTS

Mr. NICHOLSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. NICHOLSON. Mr. Speaker, I have great admiration for the gentleman from Mississippi, but Mr. Coolidge is one of the finest men there are in the United States. He thinks more of this country than he does of life itself. Maybe an unfortunate remark was made about North or South Carolina, about taking our business away from Massachusetts, but I want the Members of the House to know that there is no finer man in this country than Arthur Coolidge, Lieutenant Governor of Massachusetts. I served with him a great many years in the Massachusetts Legislature, and you would all have the highest respect for him if you knew him.

SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1948

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 6226) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1948, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6226, with Mr. O'HARA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, April 14, the Clerk had read down to and including line 5 on page 1. The Clerk will read.

The Clerk read as follows:

DEPARTMENT OF THE AIR FORCE

CONSTRUCTION OF AIRCRAFT AND RELATED PROCUREMENT

For construction, procurement, and modification of aircraft and equipment, spare parts and accessories therefor; electronic and communication equipment, detection and warning systems, and specialized equipment; expansion of public plants, and Government-owned equipment and installation thereof in public or private plants for the foregoing purposes; and personal services necessary for purposes of this appropriation at the seat of the Government and elsewhere; $608,100,000, of which $250,000,000 is for liquidation of obligations incurred under authority granted in the Military Appropriation Act, 1948, to enter into contracts for the foregoing purposes; and, in addition, the Secretary of the Air Force is authorized, until June 30, 1949, to enter into contracts for the foregoing purposes in an amount not to exceed $865,000,000: *Provided*, That the unexpended balance of funds appropriated for the foregoing purposes under the head "Air Corps, Army," in the Military Appropriation Act, 1948, shall be consolidated with this appropriation, to be disbursed and accounted for as one fund which shall remain available until expended: *Provided further*, That any obligation incurred hereunder shall be subject to the general provisions of the Military Appropriation Act for the fiscal year in which such obligation is incurred.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER to H. R. 6226: Page 2, line 15, strike out "1949" and insert in lieu thereof "1950"; and in line 17, strike out "$865,000,000" and insert in lieu thereof "$1,687,000,000."

Mr. TABER. Mr. Chairman, I am offering this amendment to increase the amount for the purchase of airplane contract authorizations because of the seemingly predominant sentiment in favor of the item at this time. As I stated yesterday, I believe in giving the Air Force all that it needs. On the other hand I do not believe in giving it money that it does not need. I believe that the best airplanes will be procured after a detailed hearing on the part of the Committee on Appropriations as to the needs of the service. But that seems impossible with the present feeling in the House. A cursory examination of the break-down submitted to me last evening by the Secretary for Air confirms that feeling. I am satisfied that the Air Force can make savings in the letting of contracts and in the elimination of items that they either cannot get or that they do not need too badly and which really do not contribute to a 70-group force. So that we can approach a 70-group force thoroughly modernized if we provide the $822,000,000. It will of course need to be supplemented in the years to come. I shall if the Committee on Appropriations permits follow these programs as closely as possible and do everything possible to see that we get the best results from this program.

Mr. Chairman, I hope that the amendment will be adopted.

Mr. CANNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is gratifying that the gentleman has sufficiently modified his opposition to the program for immediate expansion of the Air Force to offer this amendment. But it is to be regretted that he does not include in the amendment the full amount required for the 70-group program. We are only this morning in receipt of an authoritative statement from the Department advising that $922,000,000 is the minimum amount for which this program can be furnished.

I am going along with the amendment because I believe, as I said yesterday, we should get together on all these provisions with as little division as possible; that we should present a united front in order that both our enemies and our friends abroad understand that the people and the Congress are unitedly back of this program. So, for that reason, although we should provide the full amount at this time, I shall support the amendment.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Louisiana.

Mr. BROOKS. How much does this lack in meeting the requirements for a 70-group air force?

Mr. CANNON. According to a statement made this morning by dependable representatives of the Department, it is $100,000,000 short.

Mr. VINSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Georgia.

Mr. VINSON. Does the distinguished gentleman from Missouri not think he should inform the House that this is the beginning, the first year's program, of a 5-year procurement program, which will have the objective of creating a 70-group force? This program for the initial year, as carried in this bill, carries $1,687,000,000. That does not mean we are going to have a 70-group program. That is merely the beginning. Next year, for procurement, we would have to carry in the 1950 budget $2,738,000,000. In the next year, 1951, we would have to carry for procurement $3,303,000,000. From then on the annual appropriation for procurement would be $3,200,000,000. It is the thought of some that in view of the amendment that will be offered providing for renegotiations, it will be possible to commence this 70-group program with an authorization of $822,000,000, because as you build planes over a length of time, certainly they should grow a little cheaper than if you only order for 1 year. I feel confident, after a thorough study of this matter, that we might be able and will be able to have a 70-group program started and completed with an initial contract authorization of $822,000,000, and I certainly

trust the House will adopt this amendment offered by the distinguished gentleman from New York [Mr. TABER].

Mr. CANNON. Now, the gentleman has put his finger upon the defect in this amendment. We have grown into the habit in this Congress of legislating and appropriating on the installment plan. No appropriation can be brought in here, regardless of how well supported, but the disposition is to make a feint of saving by arbitrarily cutting it down without reason. And then, later on, when it becomes evident that the amount supplied is insufficient, bring in a hurry-up supplemental bill. That is what is proposed in this amendment. The $100,000,000 is desperately needed to get these planes in the air in time. There is no reason to cut it out. But they affect to save $100,000,000 when as a matter of fact it will have to be provided later on, and there will be no saving at all. The only effect will be to delay, by that much, the commitment of the total amount ultimately required.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CANNON] has expired.

Mr. CANNON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Chairman, the gentleman's amendment proposes to cut $100,000,000 needed for the integrated 70-group program. Judging by past performance on the part of the Committee on Appropriations, this amount will later be brought in as a supplemental appropriation too late to be as effectively used as it could be, and should be, used today.

Mr. Chairman, this is not a time for cheese paring on the expansion and modernization of equipment for the front line of the national defense. The country is in dire peril. We have now less than half the planes Russia already has, and even with this increased program we will not be manufacturing planes as fast as Russia is manufacturing them now. At a time like this when we must ultimately appropriate the extra hundred million, why not appropriate it now?

Any businessman will tell you that he can produce results more quickly, and handle the job more efficiently, if permitted to go ahead and make permanent long-range commitments at the start and thereby save both time and money. Why not follow business-like procedures here and secure more quickly and effectively the air power we so urgently need and which in the near future we may need even more desperately?

We must have this force ready before Russia goes into production of the A-bomb. The War Department announces that Russia already has the secret, she has the know-how; it is merely a matter now of production. We must have this Air Force ready by the time Russia has the A-bomb ready.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Louisiana.

Mr. BROOKS. I share the gentleman's sentiment 100 percent. I am keenly disappointed personally that they come in here with a proposition to cut the Air Force down a hundred million at this critical time in world affairs. I am glad that the gentleman has used strong language in presenting this matter.

Mr. CANNON. The gentleman expresses the practical common sense point of view.

Mr. VINSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Georgia.

Mr. VINSON. The sum and substance of the gentleman's argument is that he has no objection to the $822,000,000 and recommends to the House the adoption of $822,000,000.

Mr. CANNON. Half a loaf is better than no bread at all—although we may desperately need the rest of the loaf before we are out of the woods.

This is at least a first installment. We are making the first down payment and will have to make payment on subsequent installments later on. And in the meantime we will pay through the nose in unnecessary delay and additional costs as the installment buyer always does.

Mr. VINSON. And the gentleman's advice to the minority side is to go along with the amendment of the distinguished gentleman from New York of $822,000,000 which lays down and commences this 70-group air program?

Mr. CANNON. From the beginning, I have attempted to reach accord with the majority members of the subcommittee under which we would as rapidly as possible provide this much needed increment for national defense. So I am going along today, but it should be noted that we are wasting precious time as well as actual cash by deferring appropriation of the $100,000,000 which we will ultimately have to provide. And by the delay we are losing the benefits accruing from the prompt adoption of a complete long-range program.

Mr. PACE. Mr. Chairman, I rise in support of the amendment.

I wish first to thank the Appropriations Committee for the prompt consideration they have given the request for additional funds for our Air Forces. I regard our air force as our first line of defense and offense. Since the end of the war our air strength has gone down rapidly and our airplane construction facilities have been greatly reduced. This trend must be reversed and we must take immediate steps to reactivate our airplane industry and build the greatest air force on earth, equal to and ready to meet any emergency.

None of us know how far Russia intends to go, but we do know that our national security may be in peril and that we are not now adequately prepared. There are a number of steps which should be taken without delay and which I regard as urgently needed for our protection and security. These include:

First. An air force superior to all others, with not less than the 70 air groups and 502,000 men recommended by the Secretary of the Air Force. Our present strength is 55 groups with only 353,000 men. I am, therefore, glad to have the opportunity to support the pending amendment for the appropriation of a total of $2,300,000,000 for airplane procurement. I hope it will be adopted by a unanimous vote.

Second. The reactivation of our airplane manufacturing plants to begin immediate production of our latest design planes.

Third. A considerable increase in funds for research for airplanes, jet planes, bombers, controlled missiles, and other implements.

Fourth. Increase in the manufacture of atomic bombs.

Fifth. Rapid increase in the procurement and stock piling of critical war materials which are not available in this country.

Sixth. Immediate increase in our Central Intelligence Agency so as to keep informed on what is happening in every part of the world, even behind Russia's iron curtain.

Seventh. Immediate increase of our Regular Army to 1,080,000 men, or 18 divisions, as recommended by General Bradley, now Chief of Staff. On February 1 our Army had only 552,150 men, but we need now a minimum of 18 divisions perfectly trained and fully equipped.

Eighth. Immediate increase of our Navy to about 700,000 men, or the number needed to fully man our ships at sea and get the balance of our Navy out of drydock and ready for action.

Ninth. Immediate increase of our Marine Corps from its present strength of 80,000 to 220,000 men.

Tenth. Immediate passage of a selective service law in order to secure the men needed for these increases in our Air Force, Army, Navy, and Marine Corps, as it now appears they cannot be secured by volunteers.

Eleventh. Early consideration should be given to a universal military training program. The bill now pending before the House to establish a program of universal military training should be immediately reexamined and reconsidered. Our people cannot feel secure unless they know that there is at all times a thoroughly trained reserve available for call to duty in the event of another emergency. But I seriously doubt the pending bill on universal training can provide such trained reserves. It authorizes a training program for only 6 months. The military authorities have reported that it will require at least 2 weeks to get the boys to camp and assigned to duty and that it will take a week or more to get them discharged. This means that the universal training program as set up in the pending bill would really provide for only 5 months' training. We all know that with the weapons we have now such limited training would be of little benefit and would not produce a trained reserve. In fact, the President's Commission, known as the Compton Committee, which formulated the program for universal military training, very plainly states that such limited training would do more than prepare these boys for home-guard duty and states that if they should be called up for active duty it would still be necessary to

give them intensive and extensive military training. In addition, Secretary of Defense Forrestal testified that it would take 4 years to put this training program into full effect, would cost between three and four billion dollars each year, and would require about 100,000 additional officers and noncommissioned officers to do the training. I think this 6 months bill is misleading the people and causing them to think it is a real defense measure, when in fact the plan set out in the pending bill would probably prove to be no more than expensive play camps for the boys. I believe a sound universal training program can be developed and the House Committee on Armed Services should promptly give further consideration to this proposal.

Twelfth. When we return to the draft we must at the same time pass laws to take the profits out of war and to mobilize industry and every man in the Nation if and when the need arises. We must not again let millions make billions out of war profits while our boys are offering their lives in defense of our country.

And while we are making these preparations for our defense there are two other things we must do; that is:

First. We must work for peace just as earnestly and actively as we prepare for war. It would be the greatest crime of all time if we fail to do everything in our power to establish and maintain lasting peace on earth. Peace is the most precious thing on earth because another war could destroy everything we hold precious and could make the world an unfit place to live in. We must support and try to give strength and power to the United Nations Organization, our greatest hope for peace. We must try to find some friendly basis for dealing with Russia, to clear up if possible all present differences and misunderstandings with her, in a manner consistent with our own national honor and security. I much prefer a peace conference to a war council.

Second. And while we strive to stop the march of communism throughout the world we must take prompt and effective measures to end the threat of communism right here in our own country. Communists endanger our national safety, they act as spies, they seek to create disorder, confusion, and unrest; they are enemies in our midst, and strong measures should be taken immediately to corner them, expose them, and suppress them. I hope the Committee on Un-American Activities will soon report the bill they are preparing on this subject.

Then there is one thing we must not do. That is, we must not get hysterical. While we prepare our defenses with all possible dispatch we must proceed in that calm, deliberate, and determined manner consistent with the dangers we are facing. We do not intend to pick a fight but we do intend to get ready to meet any emergency which arises and try to bring this troubled world back to the ways and blessings of peace and understanding.

Mr. HINSHAW. Mr. Chairman, I rise in support of the amendment.

Mr. TABER. Mr. Chairman, will the gentleman yield for a consent request?

Mr. HINSHAW. I yield.

Mr. TABER. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 20 minutes.

Mr. BROOKS. Mr. Chairman, reserving the right to object, will that give everybody 5 minutes?

Mr. TABER. No.

Mr. BROOKS. Then I object.

Mr. RANKIN. Mr. Chairman, reserving the right to object, may I ask, is there any opposition to this amendment?

Mr. TABER. Not as far as I know.

Mr. RANKIN. I will be willing then to forego my time to speed it up if there is no opposition to it.

Mr. HALLECK. Mr. Chairman, reserving the right to object, it is my understanding that there is universal agreement, at least overwhelming agreement, on the adoption of the pending amendment. If we could expedite this matter we would like to.

Mr. THOMAS of Texas. Mr. Chairman, reserving the right to object, I suggest to the gentleman that all Members be given the privilege to extend their remarks at this point in the RECORD.

Mr. TABER. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York that debate close in 20 minutes?

Mr. MAHON. Mr. Chairman, reserving the right to object, I would like to have 3 minutes.

Mr. TABER. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 30 minutes.

The motion was agreed to.

Mr. HINSHAW. Mr. Chairman, I am a bit disturbed by the remarks of the gentleman from Missouri in which he attempts to point out that the majority side of the House has reduced the appropriation request of the Air Force by $100,000,000. Of course, that is wholly untrue. The majority side in agreement with the minority has actually offered an amendment to increase the appropriation over that which was requested by the President in the amount of $822,000,000.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Missouri.

Mr. CANNON. The gentleman knows that the testimony given by the Department and the latest statement by the Department is that $922,000,000 is the minimum amount for which the program can be financed.

Mr. HINSHAW. The gentleman is correct in the fact that the testimony so stated, but the Bureau of the Budget request and the request of the National Defense Department called for $865,000,000.

Mr. CANNON. The Bureau of the Budget, of course, was governed by the limitations set by the announcement made in the House committee.

Mr. HINSHAW. Was governed by what?

Mr. CANNON. There has been criticism all along that the Bureau of the Budget has sent up small estimates. These curtailed estimates have been in response to announcements made by the chairman of the Committee on Appropriations at the beginning of the last two sessions of Congress that the committee would cut the budget from six to seven and a half billion dollars a year. The estimates had to be pared in accordance with those limitations. The Committee on Appropriations is responsible for the lack of adequate funds in this bill. The House now proposes to remedy it.

Mr. HINSHAW. Mr. Chairman, I decline to yield further on this subject. I merely state that the Department estimate sent up here was for $865,000,000 in contract authorizations. It is quite true that the Department of the Air Force testfied it would take an additional $922,000,000 to carry out the initial phases of the 70-group program. The $822,000,000 presented now by the gentleman from New York [Mr. TABER] in his amendment I believe will give an excellent start for a program which must be carried over a number of years in order to completely modernize the Air Force.

My reason for not presenting an amendment which I had placed on the Clerk's desk to make it $922,000,000 is because of the language which the committee has agreed to and which will be presented as an amendment toward the close of this bill, providing for a renegotiation. In that case I think we are safe in going along with the amendment offered by the gentleman from New York; therefore, speaking for myself and I believe for most of the members of the Congressional Aviation Policy Board, I will not contest the amendment and hope it will be agreed to. However, I do not like to hear people say around here, after they make an agreement, as the gentleman from Missouri has admitted, that it is insufficient.

Mr. CANNON. Mr. Chairman, if the gentleman will yield further, after the agreement was made yesterday it was denied here on the floor.

Mr. HINSHAW. No; it was not made yesterday. According to my understanding it was made this morning, and I am willing to go along, and I trust the gentleman from Missouri will do likewise, because he has agreed to it as well.

Mr. CANNON. On the contrary, the agreement was made yesterday and announced on the floor here in the exact terms of the amendment offered by the gentleman from New York [Mr. TABER]. I have had no understanding this morning with anybody about anything. If anybody has had any agreement with me this morning let him stand up and say so. I am going along with the bob-tailed amendment offered by the gentleman from New York, but it is $100,000,000 short of adequate national defense, as evidenced by the following letter just re-

ceived this morning from Secretary Symington, who is better qualified to judge the components of air power qualified to withstand Russian assaults than anybody else.

APRIL 15, 1948.

Hon. JOHN TABER,
Congress of the United States,
House of Representatives,
Washington, D. C.

DEAR MR. TABER: Thank you for the courtesy of our discussion last evening. After leaving you I got our people together. We went over the program again in detail, and are convinced that an addition of $922,000,000 is essential to the minimum 70-group program.

* * * * *

Kindly note that under this program the total annual number of planes to be purchased in the fiscal year 1950 is just a little more than one-fifth of the monthly peak during the war.

May I again bring up that if we place this business now we will improve our chance of having an adequate air force by the time the Russians have the bomb; and I want to pledge to you in the name of the Air Force and me personally that every effort will be made to purchase these planes to the very best interest of the Government and the taxpayer.

Sincerely yours,
W. STUART SYMINGTON.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I recognize this, that when we came in this morning some kind of an agreement had been made behind closed doors which would cut the Air Force by $100,000,000 so as to prevent the Air Force from having a full 70-group program. I think the agreement is nothing short of tragic to the country and to the world. For several days the Armed Services Committee has been holding hearings on the size and strength of the armed forces, and we had estimates from all of the higher authorities of this Government upon whom we rely for the proper defense and protection and safety of the Government as to what we should have in the way of an air force. Every representative of the Air Force has testified that we should have a 70-group program. This amendment will reduce the amount that they all estimate it will cost by $100,000,000. I think that this Congress ought to go the whole length and give the country the type of protection it needs from the air. We read everyday about the increasing importance of air power. It is the one arm of our defense that is mobile, that can be moved to all parts of the world to protect the interests of the United States and preserve the integrity of this Government and our people. It is the part of our national defense which I think in this crisis has been most sadly neglected, and I think today we should back up the full amount necessary to give the Nation a 70-group air force. I hope that we can put $100,000,000 back into this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. KILDAY].

Mr. KILDAY. Mr. Chairman, I rise in support of the amendment, and I want to commend the gentleman from New York, the chairman of the Committee on Appropriations, for having offered this amendment. As you know, I have been speaking for several days now in support of the 70-group program. Other Members have been doing likewise. I want to remind the membership that we have not been talking about the amount of money during any part of this time; we have been talking about 70 groups. The amount of money provided here certainly is not niggardly. The $1,687,000,000 contract authorization contained under the proposed amendment is a whole lot of money. Added to that is $608,100,000 in cash. I have given this question as much study as any member of the Committee on the Armed Services. A number of us have worked together in connection with it, and I can assure you that with this amount of money we do get 70 groups. We have won our fight for 70 groups. We may not get them as fully equipped as we would have preferred to have them with $922,000,000 additional, but we do get them started. We do get them organized. We have accomplished what we set out to do, secure 70 groups. We have accomplished what the Finletter Commission recommended and what the Congressional Aviation Policy Board recommended, and what we have always wanted to get. So I hope there will be no dissent from the amendment, and that it will be adopted without opposition.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER of Connecticut. Mr. Chairman, I have asked for this time more to ask the chairman of the committee a question than anything else, although I do want to say that I wholeheartedly support the amendment now presented to us for an additional contract authorization of $822,000,000. I am confident that with the contract renegotiation amendment that will be offered, $822,000,000 will give us the program that was envisioned earlier with $922,000,000.

My question is this. Has the Committee on Appropriations had an opportunity to give any thought or study to the effect this accelerated program will have in the year ahead of us on such matters as priorities, getting material, the effect on other industries, and the whole question of controls as they are involved in a speeding-up program of this kind?

Mr. TABER. We have not been able to go into that in detail. We were told by the Secretary of Defense that we could go through what was originally offered, in his opinion, without the extension of priorities or controls beyond what has been done. It is possible that we will have to do something with this additional amount. On the other hand, I believe that pressure upon the industries will result in the adoption of this program without further controls.

Mr. MILLER of Connecticut. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WINSTEAD].

Mr. WINSTEAD. Mr. Chairman, I rise in support of this amendment. On March 24, 1948, I introduced the following bill calling for a 70-group air force:

H. R. 5991

A bill to provide for an Air Force capable of preserving and maintaining peace, the security of the United States, and for other purposes

Be it enacted, etc., That it is hereby declared to be the policy of the Congress that the United States shall have and maintain an air force fully capable of preserving at all times the security of the United States.

SEC. 2. The Secretary of the Air Force is hereby authorized and directed to immediately bring the Air Force to a force-in-being capable of instantaneous and effective action in the defense of the United States whenever and wherever necessary, the minimum requirements for which are hereby prescribed as follows:

(a) A Regular Establishment organized into not less than 70 combat groups and 22 special squadrons.

(b) An Air National Guard organized into not less than 27 groups.

(c) An Air Reserve organized into not less than 34 groups.

(d) The required number of modern types of aircraft to equip the Air Force groups described above.

(e) Facilities sufficient to support the Air Force wherever necessary.

(f) Sufficient personnel to adequately maintain and operate the Air Force and proper and adequate facilities to fully train such personnel.

(g) An orderly aircraft replacement program.

(h) A progressive program of research and development in all fields of aerial warfare and the maintenance of an adequate organization and facilities for that purpose.

SEC. 3. There is hereby authorized to be appropriated out of any moneys in the Treasury of the United States not otherwise appropriated, such sums as may be necessary to be expended under the direction of the Secretary of the Air Force to accomplish the purposes of this act.

SEC. 4. This act may be cited as the "Air Security Act of 1948."

I have no pride in authorship, my only interest being in the adequate defense of this country. However, I appreciate the fact that since this bill was introduced our distinguished leader the gentleman from Massachusetts, Speaker JOE MARTIN, and outstanding leaders in both parties have seen fit to take the floor in interest of this legislation. I especially appreciate the fact that the chairman of the Appropriations Committee the gentleman from New York [Mr. TABER] who is known throughout the country as a very conservative Member of this House, has today offered an amendment to appropriate sufficient funds to make a 70-group air force possible. The fact that the gentleman from New York [Mr. TABER] has submitted this amendment, which appears to have the support of practically the entire membership of the House, is an indication to the entire country that this is one of the greatest steps that can be taken at this time to secure the peace and protect the interests of this country.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, in my judgment, this is a momentous day in

the history of this Nation. It is certainly the most significant step that has been taken by this Congress since VJ-day with respect to our military preparedness. It is further a significant day in that the House of Representatives, upon its own volition and without a request from any agency of the Government, is taking this action in expanding and modernizing our Air Force. By our action we are taking a far-reaching step in the direction of national security and world peace.

This is not so much a matter of money as it is a matter of policy. Let it be written in the record today that if we adopt the amendment offered by the gentleman from New York we are committed to a 70-group air program, which not only means the money provided in this bill, but will mean additional money in succeeding years to provide the necessary implementation for the 70-group program.

Legislation is a matter of compromise. Like many others, I am not fully satisfied with the bill before us. In my remarks on yesterday I made my position clear. I read to the House an amendment which I have drawn and placed on the Clerk's desk and which would provide for additional funds for the program. But in view of developments of today and all the circumstances I believe that it is in the public interest for us to take the joint action which has been agreed upon after a give-and-take conference on the subject.

The action which we are taking will mean a vastly improved air force and that is what we are striving for.

There are other component parts to our military force, but air power must not be neglected. It is being irrevocably decided today that air power will not be neglected in this country. I think the House and the country deserve to be congratulated.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. HINSHAW. I should like to say that the Committee on Appropriations is to be highly complimented for bringing this portion of the regular appropriation bill in in advance of the regular time in order that the program may be expedited from 4 to 6 months.

Mr. MAHON. I thank the gentleman. It is indeed a very unusual thing that is being done by the House today. We are prompted to do it in view of world conditions and the desire of the House to promote the national interest.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, I rise in support of the amendment offered by the chairman of the Committee on Appropriations. I wish also to say that, along with the 70-group air force, the Committee on Armed Services has during the past few days had under consideration the necessity of balancing our other military organizations. Steps must be taken by the Joint Chiefs of Staff, which I understand are now under consideration, to bring these other organizations up to what we call a balanced military organization.

Secretary of Defense James Forrestal had a good deal to say in regard to a balanced military force when he appeared before the House Committee on Armed Services a few days ago. His statement was as follows:

We need a strong Air Force capable of striking sustained blows far beyond the peripheral bases which we now hold; an Air Force capable of the air defense of our homeland and our protective bases and capable of seeking out and destroying an enemy that might impose war. Such an Air Force requires more aircraft and more manpower than we have today in readiness to meet the war of tomorrow. In order to speed up the work of providing such an Air Force, we have requested the House Appropriations Committee to make very substantial amounts of money immediately available for aircraft procurement, and in this proposal we have had the prompt and whole-hearted cooperation of Chairman TABER and his committee.

We need a ground force to protect our air bases from hostile attack, which it takes much more than airplanes to resist. We need a ground force to seize and hold distant bases—should the attack fall upon us—in order to take the war to the enemy. Such bases, as well as our great cities here at home and our key production centers, require antiaircraft protection, which is provided by the Army. And a strengthened Air Force will require enlargement of those Army elements which service and support its operations.

We need a Navy capable of defending the necessary sea lanes of the world from submarine attack, of developing antisubmarine warfare, of insuring the sea transportation of our manpower and our logistical supplies and equipment to distant points, and of assisting both attack and defense through air-sea power and amphibious operations.

In other words, our action in the event of any future enemy assault upon us will employ all members of the combat team—the Army, the Navy, and the Air Force—a combat team made up of properly proportioned elements from each service, all in readiness to accomplish assigned objectives.

This is the concept of a balanced force to which I have referred on a number of occasions. Obviously, the word "balance" does not mean that there shall be man-for-man, an equal sized Army, Navy, and Air Force. Balance means that all three services shall be maintained at such size as will best enable them to assist one another, in the accomplishment of their assigned objectives—and this balance rests, in turn, on the strategic plans which the National Security Act directs the Joint Chiefs of Staff to prepare.

Because of this statutory function of the Joint Chiefs of Staff—and because of the fact that military strategy is both logically and legally a matter for our top military leaders—I shall continue to rely heavily on any recommendations the Joint Chiefs of Staff may make, with regard to the proper composition of a balanced force.

To meet the needs which I have just been describing, we require more manpower than we have today. The comfortable assurance of a push-button war is an illusion.

I think the Members of the House ought to know today, however, what we are facing not only from the standpoint of our national and international emergency conditions but also perhaps the cost of a balanced scheme with the so-called 70-Air Force group. Under the appropriations and expenditures for the present fiscal year, and I may say that I received these figures from the Office of the Secretary of Defense yesterday, the outlay for all the military organizations this year will be approximately $10,500,000,000. If we adopt the so-called 70-air group program and balance it up with the needs of the other departments of the military such as the War Department, the Navy Department, and the Marine Corps, the cost next year in expenditures and contract authorizations will be approximately $19,300,000,000; in 1950 the cost will be $21,600,000,000, and the cost in 1951 will be $22,500,000,000.

Before the Congress grasps at any one quick and popular solution to the difficult problem of providing for our defense, consideration should be given to the effect of specifying the ultimate strength of one particular arm or service on the other forces. Then there is the total cost to the Nation to be considered. Estimated figures for the years 1948 to 1951 for the Army, Navy, and Air Force are in the neighborhood of:

[In billions of dollars]

	1948	1949	1950	1951
Army	6,400	6,280	7,200	7,200
Air Force		5,442	6,500	7,300
Navy	4,100	7,580	7,900	7,900
Total	10,500	19,302	21,600	22,500
Cash		15,000	19,000	21,500
Contract authorized		4,302	2,600	1,000

Personnel strength to provide balance for 70-group program

Army	837,000
Navy	556,000
Marines	108,000
Air Force, 70 groups	502,000

The effect on our national economy of such costs are not difficult to foresee.

Whether or not such a program effectively provides for the balanced forces required in military teamwork is easily foreseeable. Too many ships with few ground forces would be as ineffective as too many planes without enough ships to move the heavy material to points where the planes require and use that material.

Let us look to the source of these recommendations. On the one hand there is the proposal that 70 air groups would serve our national security. On the other is the recommendation of the Secretary of National Defense that on present estimates 55 groups are required in the balance with other components of national defense. It would not be wise for us to seize on the figure of 70 air groups as a complete solution. That proposal is a unilateral recommendation unsupported by the Secretary of National Defense and contrary to the joint opinion of his principal military advisers acting within the scope of their primary function.

The real answer must rest on the military effectiveness of any force we provide. If lack of balance reduces military effectiveness, then we should look for balance. Recommendations on such balance are available. Let us give them the proper consideration and not trap ourselves by snatching at any one proposal advanced by enthusiastic proponents of one particular service.

Editorial comment on this very important matter which appeared in the Washington Post on April 14, 1948, and which I feel should be read by every Member of Congress, I am inserting in the RECORD:

SEVENTY-GROUP BOOBY TRAP?

The sole criterion of whether the country should undertake to build a 70-group Air

Force at this juncture is military effectiveness. That means military effectiveness now, when the lack of American military power is a critical factor in Europe, as well as effectiveness in some future day when the 70 groups are a reality. We have no doubt that, given the present state of world affairs and the premier role of air power, a 70-group Air Force is desirable. But to achieve this Air Force at the expense of other necessary and more immediate military measures, as now seems the disposition of Congress, looks to us like a very perilous tack indeed.

The Air Force's part in the present congressional reversal is thinly disguised. If Air Force leaders did not plant the suggestion that Secretary Forrestal be overruled in favor of a larger plane fleet now, at least they did not bother to conceal their pleasure at the turn events took on Capitol Hill last week. What this amounts to, it seems to us, is deliberate scuttling of the balance Mr. Forrestal was seeking to achieve. It makes interservice unification look ridiculous and demonstrates that the recent agreement at Key West was only paper deep. The victim, of course, is universal military training, which according to present reports, has been returned to the shelf.

The choice is by no means so simple as that outlined by Air Force Secretary Symington Tuesday when he said: "I think our national security would be better served by a 70-group Air Force than by a group of 18-year-old boys being called in for training." What the air power zealots have failed to point out, in their rush to grab the gravy, is that a larger Air Force requires larger land and sea forces solely for air support. Right now, for example, 30 percent of the Army overhead is devoted to support of the Air Force, and nearly 10 percent of the Army's present meager manpower is engaged in Air Force supply. According to recent testimony of Gen. Omar N. Bradley, a major combat air base, consisting of 20 air groups and 125,000 Air Force personnel, would require Army contingents numbering 375,000 merely to defend and supply it. Naval forces undoubtedly would be needed in proportion. Nor is this all. Since air bases in hostile territory do not capture themselves, both naval and land forces are required to secure them. And before bases can be obtained close to the enemy, naval air operations will have a vital role—for overseas airfields are essential to even the longest-range of the present land-based bombers.

Moreover, what is needed in the way of air strength is not mere size. It would do no good to augment the present 55 groups with planes already obsolescent. The main thing to concentrate on, it seems to us, is readiness—in other words, a greatly expanded and liberally endowed research program coupled with a preparedness effort in industry. That is the way to dynamic, rather than static, strength.

Secretary Forrestal did quite properly, we think, to warn that the failure to enact UMT would mean a draft of indefinite duration. For, aside from the support troops entailed by a larger Air Force, a paramount consideration today is more divisions to back up American and western European diplomacy where they confront aggressive communism most directly. The most economical way to insure more divisions is through a combination of the draft and UMT, and a default on UMT would make the draft that much more important. This is not an argument against augmented air power, but rather an argument against consideration of air power alone as a panacea for American security.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. GORE to the Taber amendment: Strike out the figures "$1,687,000,000" and insert "$1,787,000,000."

Mr. GORE. Mr. Chairman, I recognize that a few of our colleagues have entered into an agreement to support the amendment of the gentleman from New York [Mr. TABER], but it is $100,000,000 short of the requested amount that is said to be necessary for a 70-group air force. We have heard statements made by some gentlemen, including the distinguished gentleman from Missouri, that the amount in the amendment offered by the gentleman from New York is not sufficient. Others say that it is. If there is any doubt about it I am one who wants to make it certain that today the House of Representatives is not only willing but has beyond doubt provided adequately for a 70-group air force.

That is my purpose in offering the amendment to increase the funds for the Air Force to the full amount requested by Secretary Symington and which not only he but the House Armed Services Committee says is necessary to provide an adequate Air Force.

Approval of a 70-group air force will, perhaps more eloquently than many other things we have done and may do, serve notice not only upon the one nation that is striking fear into the hearts of people everywhere, but it will also let other nations, particularly those who may now be teetering on the brink, know unmistakably that the United States is not going to repeat the mistakes we made before World Wars I and II of remaining militarily weak and impotent, thereby giving open invitation to aggression and conquest by rampaging dictatorship.

If there is any doubt of this amount being adequate, and doubt has been raised, let us provide the full amount in contract authorization requested by the chiefs of the air force. If later peace should descend upon the world—and God grant it may—this Congress can cancel or recapture. But as of today with the alarming threat to world peace and freedom, let us not stop $100,000,000 short of the goal of a 70-group air force.

A large air force need not and should not be considered as a substitute for adequate strength in other branches of our armed service.

I am prepared to support universal military training, with safeguards which I think proper, and limited selective service, too. So you see, Mr. Chairman, I offer this amendment not as an alibi for avoiding our plain duty to meet the requirements of national defense and world security in other respects. Not at all.

Although I lay no claim to being a strategist, I do believe that superiority in the air over any and all possible foes should not be made secondary to any other phase of security or compromised for any reason.

During the recent debate upon the European recovery program, I heard several Members, both Republicans and Democrats, recall the tragic history of the indecision and weakness of free countries and the consequent appeasement of 10 years ago. When the historian chronicles that period I believe one unfortunate fact about America will stand out—we were plagued with disunity and indecision.

I shall not dwell upon the awfully tragic history of the last decade. Suffice it to say that there is good reason to believe that had the United States and the other free nations, which eventually joined together in resisting the axis undertaking to dominate the world, awakened earlier and together marshaled their strength earlier, thereby letting Hitler and his Axis partners know unmistakably that aggression would be resisted, World War II might never have happened. Perhaps it might not be amiss to recall, too, that the Kaiser, as did Hitler, started World War I in the belief that the United States would not or could not come to the aid of freedom before he could accomplish his diabolical ambitions. The Kaiser and Hitler and his partners were wrong, but, by leaving them in doubt as to what the United States would do, two world wars had to be fought with all their calamities and suffering.

Perhaps my colleagues have been as disillusioned as I have been that so soon after a complete victory another aggression threatens freedom. Recalling the acclaim given former Secretary Hull's successful conference in Moscow and the contemporary public approval given President Roosevelt's negotiations at Yalta and Tehran, I believe it is fair to say that the American people sincerely believed that the United States and Russia could work together amicably for world peace and that America's desire to do so was not only sincere but overwhelming. As a nation, we tried; we tried hard, too hard. The late President Roosevelt and President Truman are both now subjected to criticism for trying too hard to get along with Russia. Perhaps the real fault to be found with the agreements our leaders made with Russia in those conferences is not so much that our concessions and compromises were too great in quest of peace, but that we trusted too implicitly. Had Russia sincerely entered and kept the agreements reached with her in the same spirit of cooperation and peaceful intent with which America was imbued, who can say that the agreements would not now be acclaimed as milestones of cooperation and mutual self-respect by two great nations in their progress toward world peace and stability.

I am not one of those who contend that the record of the United States has always been spotless and blameless. Perhaps some of our citizens, perhaps some of our military, perhaps some of our officials have in some ways contributed to the mutual suspicion and distrust that characterizes the struggle between the United States and her allies on the one hand and Russia and her satellites on the other. But I resent, bitterly resent, the apologists for Russia and the American fronts for communism who find no

fault with Russia and charge the United States with imperialism and place upon her the blame for world strife.

One nation and one nation alone has persistently ignored and violated agreements reached by the Allies at Yalta, Tehran, and Potsdam.

One nation alone has obstructed the United Nations by the constant abuse of the veto.

One nation and one nation alone has destroyed the independence and democratic character of a whole series of nations in eastern and central Europe.

One nation and one nation alone is violently undertaking to defeat the mutual efforts of the remaining 16 free western European nations, with the aid of the United States, to bring about economic recovery and political stability to their war devastated economies and peoples.

That nation is our so-recent ally, Russia.

The actions of this nation have thrown fear of war and concern for freedom into the hearts of men everywhere. I do not regard war as imminent and hope and pray that it is not, but we must not be blinded to the fact that the aggression of Russia creates conditions which, when allowed to go unchecked in the past, have invariably led to war.

It is a significant world fact that only the United States has the power and influence to give effective world leadership against the onrushing scourge of despotic communism. Either we lead the great majority of nations on the road to recovery, prosperity, and peace for them and for us or we abandon them to strangulation and our own inevitable involvement in the resulting chaos.

As a nation we have come to international maturity by painful and costly processes, but make no mistake about it, one of the dramatic facts of the world today is that America as a Nation is maturing diplomatically and politically under the strain of her responsibilities of world leadership, is, as is characteristic of her individual citizens, rising to the exigencies of a crisis.

This is illustrated by the bipartisan development and support of the gigantic European recovery program, popularly referred to as the Marshall plan. There has never been any peacetime undertaking by this or any other Nation comparable to this in size and scope or generosity. Not only is the $6,000,000,000 expenditure for the next year unexampled but so is the long-term nature of the undertaking. Even more epochal is the unanimity with which our people and our Government have come to this affirmative resolution and policy.

Passage of the European recovery program, however, is only one of the necessary steps we must take. Russia cannot be bluffed; unless we have the power and force to back our words with actions there is no way either to convince Russia to the contrary or apparently to even command her respect for our position. We must mobilize our strength, first to give the necessary protection to our own country and her interests, and second, and perhaps even more important right now, to let the world pointedly, including Russia, know that America is convinced that world peace is not secure anywhere unless it is secure everywhere; that we cherish peace and freedom and are determined to do our utmost to preserve it.

I do hope you will approve the amendment I have offered. We have already passed the European recovery program which I think is a vital part of our great gamble for peace. Let us today set in motion a program that will leave us second to none in the air, another vital and necessary step, and, next, let us proceed to raise our Army and Navy to the required level of strength, push scientific development and train our manpower.

Peace cannot be had merely by wishing for it. The price of peace and security is high and it will remain so until every potential dictator in the world is made to know that civilzed mankind can and will rise up in its organized wrath and might and smite down whoever attempts by force to desecrate the dignity of man and subjugate the world to a despotic will.

The magnitude and character of our danger requires that our course of action be as cautious as it is resolute and strong. As I see it, we are engaged in a long, drawn-out struggle with a powerful nation led by an ambitious and dictatorial political clique who neither honor nor observe any scruples but are actuated by a godless, materialistic ideology. Perhaps the program does not differ greatly from the historic expansionist policy of Russia under the Czars, but it appears more powerful than ever before, better organized and, therefore, more menacing.

The staying power of democracy may be sorely put to test. I firmly believe that our best hope of peace lies in bold, audacious use of our unparalleled power and influence. Failure to act is to default not only our opportunity but our responsibility.

To face this long-term crisis, I want to emphasize the necessity for America and Americans to exercise discriminating judgment. We must avoid the peaks of optimism and valleys of pessimism as the Communist tide alternately surges and recedes in the years ahead. Let us resist the tendency to follow the optimist who, encouraged by a temporary lessening of Russian pressure, says that the time of danger has passed, and avoid, too, the fatalist who says, "War is inevitable. Let us drop the bomb."

Too, we must assiduously guard against becoming so bellicose and militaristic or so filled with hate and distrust that we lose the flexibility and imagination necessary to win through. Nor must we become discouraged because the goal is not easily reached or remains afar. This must be true not just of the politicians but of the people. If it is true of the people it will be true of the politicians. In other words, the test of democracy's staying power will be found in the degree in which our policies are rooted in public understanding and sustained public sentiment. Let us never forget that neither the President nor the Congress nor both can for very long lead where the people will not follow.

When we are tempted to unburden ourselves of the frightful responsibilities that are ours whether we like it or not, let us remember that one conclusion looms up inescapably; we cannot alone have peace and prosperity.

If the cost seems high, as it will, let us ask ourselves if anything really good ever comes without sacrifice. Life itself comes only after pain and travail.

If the struggle appears long and hard, or even threatens to become cataclysmic, just remember that the stakes are high. Peace and freedom are involved.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. GORE] has expired.

The Chair recognizes the gentleman from Idaho [Mr. GOFF].

Mr. GOFF. Mr. Chairman, do I understand that this is an amendment to the amendment submitted by the committee?

Mr. GORE. It is.

Mr. GOFF. Mr. Chairman, I rise in support of the original amendment submitted by the gentleman from New York [Mr. TABER] and in opposition to the amendment to the amendment.

I think the additional amount that has been put into this bill by the committee is entirely satisfactory to those of us who have persistently favored an increase in our Air Force, and who feel that the chief reliance of this country should be on the air arm to preserve peace and for its refense, if attacked. I think this is a momentous step which the committee is taking. I feel it commits the Congress to the theory that machines, not men, will win the next war if it comes. It looks to the future and not to the past.

I am satisfied with the amendment as originally submitted, and I hope that the amendment to the amendment will be defeated as it is just petty politics.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, this is really a historic day in the life of this country.

We have come to the turning point, when it comes to protecting America against her enemies at home and abroad. This bill, with the proposed amendment, is a long step in the right direction.

I cannot tell you what occurred in the executive session of the Committee on Un-American Activities this morning, but when the legislation agreed upon comes to the floor of the House, you will see a measure that goes further toward protecting American institutions against the enemies within our gates, than anything else that has yet been proposed.

This movement to increase our Air Force is to me the most encouraging step that has yet been taken on this floor. We have reached the time when our Air Force is our first line of defense. The next war will be an atomic conflict. It will be fought with airplanes and atomic bombs. It may mark the end of our civilization. I shall vote for the top amount offered here. If that fails, I shall support the amendment offered by the distinguished gentleman from New York [Mr. TABER].

The safety of all the American people is at stake. We cannot afford to take any chances of having our country blown to pieces for want of an adequate Air Force to protect us.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. BROOKS. The gentleman knows that the Armed Services Committee unanimously voted for the full amount necessary for a 70-group air force.

Mr. RANKIN. I did not know that. I will say to the gentleman from Louisiana that he does not offend me when he comes out for the top amount proposed by the amendment, because I realize that if we are going to save America, if we are going to save American institutions, we are not only going to have to have the strongest air force on earth, but we are going to have to clean house and fumigate at home.

Let us put the safety of our country above all other considerations.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. RANKIN] has expired.

The Chair recognizes the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, for 4 months I and other members of the committee have been working on the aviation problem presently confronting you in this House today. We are properly doing something which will result in the United States having the best air force in the word. I agree with my colleague the gentleman from Mississippi [Mr. RANKIN] that we must give the Air force our utmost support. I go along with him on his statements regarding the late Billy Mitchell. We cannot, however, write appropriation bills on the floor of the House every time an appropriation bill comes up here without well-conducted hearings and justifications. Those who are responsible for building and organizing and forming our air forces have come before us and told us what they wanted and needed in this deficiency bill. We gave them every penny asked. They did not want anything more at this particular time. They are the ones who will have the responsibility to build this Air Force, not we on the floor of the House.

The chairman of the committee the gentleman from New York [Mr. TABER] asked Secretary Forrestal if he wanted anything more than was asked in their deficiency bill. Here is what Secretary Forrestal said to the gentleman from New York [Mr. TABER]:

> It is all that I can support at this particular time until I can evaluate the studies now under way.

In spite of this statement the chairman the gentleman from New York [Mr. TABER] offers an amendment in increase this figure by more than $800,000,000 because he and the rest of us feel we must start a 70-group air force. I will support the chairman's amendment because it follows the recommendations of the congressional air policy board of which I am a member. The figure is well thought out and was pretty well agreed to by many Members on both sides of the aisle. It is a figure which comes to us from a distinguished chairman of the Appropriations Committee, who with his colleagues, has held long and detailed hearings on all phases of our aviation needs. The information which we have accumulated was both off and on the record and the amendment is well justified.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS] for 2 minutes.

Mr. WILLIAMS. Mr. Chairman, the other day we voted to send $5,000,000,000 overseas to feed the people of Europe. We did it as an auxiliary part of our national defense efforts. But the action that we will take today will mean more to our national security than 40 Marshall plans. You cannot fight Russia or any other country that fights you with guns, unless you have weapons that are more deadly than theirs; nor can you fight them with food alone. By the same token, we cannot afford to fight world war III with the weapons of World Wars I and II. I am going to support the substitute amendment providing the additional $100,000,000 because I do not believe in gambling with our national security by cutting funds for the weapon that is eventually going to save our own necks—our United States Air Force.

Seventy groups has been held by our aviation experts to be the absolute minimum required for peacetime operations. I do not believe that anyone can conscientiously deny that we would be gambling with our security to allow our air arm to remain below this level; particularly in view of the grave international crisis existing today.

Mr. ABERNETHY. Mr. Chairman, I arise in support of the amendment offered by the gentleman from Tennessee [Mr. GORE]. It it should fail, which I trust it will not, then I shall support the amendment offered by the gentleman from New York [Mr. TABER].

With few exceptions we agree that the strengthening of our defense would be an act of peace and not of war. With no exceptions we agree that a strong air force constitutes the front line of our defense. So today we are rightly putting first things first, that is, the establishment of the strongest air force in the world.

I am delighted that the gentleman from New York [Mr. TABER] has seen fit to offer his amendment. He yields to no one in conserving the dollars of the American taxpayer. The mere fact that he, conservative as he is, has seen fit to offer an amendment increasing this item by $822,000,000 should be sufficient warning of the need that every Member of the House should support his effort. On the other hand, I for one am willing to go even further. Would it not be better that we take no chances at all? I judge from the debate that doubt does exist in the minds of some as to whether or not the Taber amendment goes far enough. It occurs to me that this is a matter on which we should not take the slightest chance. It was only a few years ago that we came up with too little too late. All along the way before Pearl Harbor the doubt was being resolved in the favor of economy or of something else with regard to our defense program. Action was based on the hope that the worst would not come. But it came. And the loss of American lives was terrific, to say nothing of our tax dollars.

Certainly we have by this time learned our lesson. So long as a doubt exists, so long as there are strong differences of opinion as to the need, so long as an additional amount of only $100,000,000 is involved, why shouldn't we resolve the doubt in favor of defense and not economy, and support the Gore amendment? It could prove to be good economy. After all is said, if the additional amount is not needed, the Congress can step in and recapture the unexpended balance.

What does this amount to when compared with the billions our country is pouring into Europe and the rest of the world? This, Mr. Chairman, is no time for taking chances or penny pinching.

I resolve the doubt in favor of a strong air force, a strong defense. I shall support the Gore amendment with the hope that you will do likewise. If it should fail then I shall support the Taber amendment.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE] for 2 minutes to close the debate.

Mr. CASE of South Dakota. Mr. Chairman, the most important thing before the House right now is not a dollar sign; it is unity. It is unity on the proposition that we are going to have a modern 70-group air force.

When the gentleman from New York [Mr. TABER], chairman of the Committee on Appropriations, asked Secretary Forrestal to come before us with an idea of canvassing the aircraft picture, we had no budget estimates calling for a 70-group program or anything of that sort. We only had a supplemental estimate from the President through the Bureau of the Budget for $725,000,000.

As a result of a conference between the gentleman from New York [Mr. TABER] and Mr. Forrestal, it appeared that considerable time could be saved in procurement if enough funds were appropriated and contract authorization established to put into the letting stage the aircraft procurement portions of the estimates before the Army and Navy subcommittees as well as the President's supplemental estimate. It was agreed that would be done, and that was done in the bill as it was reported to the House. The Secretary of Defense, Mr. Forrestal, was highly pleased and so expressed himself as the portion of his testimony cited in the report clearly shows. The amounts were $608,000,000 in cash and $865,000,000 in contract authorizations.

This proposal of the committee, growing out of the initiative and foresight of the gentleman from New York [Mr. TABER] far exceeded the expectations of the defense establishment when the President's supplemental request was submitted. The members of the committee canceled other plans to give their full time to work on this matter Thursday, Friday, and Saturday of last week and Monday, and reported the bill to the full committee Tuesday.

In the meantime, sentiment had been developing both in Congress and in the country for moving into the complete 70-group Air Force program proposed in the so-called Finletter committee's report and that of the Joint Congressional Aviation Policy Board, of which the gentleman from California [Mr. HINSHAW] is vice chairman, the gentleman from Nebraska [Mr. STEFAN], and the gentleman from Indiana [Mr. JOHNSON] are members, and the gentleman from Massachusetts and myself are advisory members from our respective committees.

The Appropriations Subcommittee on Deficiencies was cognizant of this sentiment in the country and in the Congress. So, yesterday, in a series of informal conferences between the chairman and various Members interested in this matter, including the gentleman from Georgia [Mr. VINSON], an effort was made to agree upon a further addition to the authorizations for the Air Force which would definitely and indisputably say, "We are going to have a modern 70-group Air Force."

And that is what is proposed in the amendment offered by the gentleman from New York, to increase the contract authorizations from $865,000,000 to $1,687,000,000, a further increase over the official request of Secretary Forrestal and the Bureau of the Budget by $822,000,000—to give us a 70-group Air Force in modern planes.

True, it had been estimated by the Air Force itself that $922,000,000 additional was the figure they would like to have for such a purpose. It was not a figure passed upon by the Bureau of the Budget. It was the asking figure of the Air Force. During our hearings we had asked the procurement people if the price did not go down with larger volume. They assured us that it did, and cited lowering of average per pound figures for aircraft when larger orders were placed or when assurance of a steady flow of orders could be given.

So last night we asked Mr. Symington if we took the 70-group program in one bite instead of two would there not be some economies? He said that in his offhand opinion there could be saved somewhere between $50,000,000 and $100,000,000. And upon that basis an agreement was reached within the committee that an amendment would be offered on that basis, and it has been offered by the gentleman from New York [Mr. TABER]. The amendment is before you. Unity and good faith are at stake as well as other things. There ought to be only one answer on the part of the membership here today.

If I were going to do any advertising of a situation before the world which involves security and national defense, I would not advertise weakness, I would advertise strength. And I would advertise unity.

Mr. Chairman, there are many legislative steps taken in the name of national defense. There are many taken in the name of stopping Stalin from engulfing the free nations of the world, many steps taken in the name of stopping communism. Some of those measures, in the opinion of some people have been of uncertain results. Some proposals seem to suggest an invitation to communism to move in—to "Come and get it. The picking's fine." But Mr. Chairman, while opinions might differ on some measures, there can hardly be any difference on this matter now before us.

This is not a bill which now says to Joe Stalin or anybody else: "Come and get it." This is a bill which with the increase provided by the Taber amendment will say to Stalinism or communism or any other man or system that seeks to infringe upon the liberties of the free people of the world: "Stop, look, and listen."

This says to all the world: "We are proposing to defend freedom by building a 70-group air force, thoroughly modernized, just as rapidly as procurement can be obtained."

And it is my earnest hope that by this evidence of determination and strength, that the very need of ever using the force in combat will itself vanish and that reason and justice may prevail in the relations of the nations of the world.

Mr. Chairman, I ask support of the amendment offered by the gentleman from New York [Mr. TABER].

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMAS].

Mr. THOMAS of Texas. Mr. Chairman, I strongly favor the amendment to increase the supplemental estimates of $922,000,000 for aircraft production for the Air Forces, Navy, and Marine Corps. Looking at the matter from a long-range point of view I doubt if even that amount, plus next year's budget estimates, will do what the country expects to be done in the way of aircraft procurement.

It should be pointed out though that the total budget estimates for this purpose for the present fiscal year are $3,298,100,000 if this amendment is adopted. Unquestionably, that is a tremendous sum. However, it should be recalled that this sum is only a small part of the cost of our Air Force procurement when the Air Corps was operating so effectively against Germany. The whole point under discussion boils itself down simply to this: We must start building a tremendous Air Force now. The longer we wait the more trouble we invite from communistic Russia. We cannot pick up a Sears, Roebuck catalog and order these airplanes. From the time the plans are on the drawing board until the planes begin to roll off the assembly lines will require at a minimum about 18 months.

We can never hope to reach perfection in the design of planes, because through scientific investigation and research constant improvement is being made. If we delay our construction program until we think we have the best design of planes on earth, we shall wake up and find ourselves in the same position as we did in 1940 and 1941—namely, without them.

Let us go to work now and work feverishly to prepare. Later we can appropriate more money, which we will unquestionably have to do in order to carry out the wishes and the will of the American people. Frankly, I am convinced that in its thinking on rearmament for peace the American people are at least 12 months ahead of the Republican-dominated Congress and a good many of our leaders of national defense. We should adopt this amendment increasing these funds without further delay.

Mr. FISHER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

OUR NATIONAL SECURITY REQUIRES A STRONG AIR FORCE

Mr. FISHER. Mr. Chairman, the United States should have and maintain the strongest air force in the world. As the situation now stands, we are lagging considerably behind Soviet Russia in air power. We have a chance here today to do something about it.

The appropriations bill that is now being debated carries contract authorization for $865,000,000 for new aircraft construction. There are amendments pending on the clerk's desk increasing that figure by $922,000,000, making the total figure $1,787,000,000. I rise in support of that increase just presented by the gentleman from Tennessee [Mr. GORE].

SEVENTY GROUP COMBAT UNITS NEEDED

Mr. Chairman, this proposed increase would provide funds to bring our Air Force program up to 70 group combat units. There can be no serious opposition to that goal. We were told on yesterday by the distinguished gentleman from Missouri [Mr. CANNON], the ranking Democrat on the Appropriations Committee which reported this bill, that the $865,000,000 is not sufficient even for the 55-group program. He went on to say that as a matter of fact this appropriation is not sufficient to maintain the present strength of the Air Corps.

It is obvious, therefore, that the bill as now drawn is wholly inadequate if we are to maintain even a fairly strong air force.

Now what can we expect if the 70-group program is adopted? The procurement requirement for such a program is not a secret. Our Air Force officials tell us that for the 70-group force we need at least 6,869 aircraft, 3,212 for the National Guard, 2,360 for the Air Reserve—comprising a total of at least 12,441 airplanes. Then, a strategic reserve of 8,100 brings this over-all total to 20,541 aircraft.

What do we have today? We have in active service about 10,000 aircraft, mostly trainers. Today, we have only around 500 bombers and 2,000 fighting planes in service, and many of these are obsolescent.

We are told further, Mr. Chairman, that our annual procurement requirement to keep our Air Force up and keep it modern requires 5,200 airplanes annually. It must be kept in mind that the 70-group plan is a minimum to meet our present defense needs. To be effective every unit must, of course, be fully trained and equipped.

Moreover, for the 70-group program to be effective, it must be supported by civilian reserve components, well trained and equipped. These reserves must be able to leave their civilian jobs, if need

be, and step into the cockpits of our modern bombers.

At present the National Air Guard and the Air Reserve program are enabled to train but a small portion of available personnel, and much of this training is being done in obsolete airplanes.

BEST AUTHORITIES FAVOR 70-GROUP PROGRAM

Mr. Chairman, there is much agreement in high places for the imperative need for this 70-group program. General Eisenhower has advocated it. General Spaatz, Chief of the Army Air Forces, has advocated it. Former Deputy Chief of the Air Forces, Lt. Gen. Ira Eaker, has been a long-time advocate of a program of this kind. Air Secretary Stuart Symington supports it vigorously.

It will be remembered that last year the President appointed a five-man Air Policy Commission to evaluate the course the Nation should take in order to obtain "the greatest possible benefits from aviation." The chairman of that Commission was Hon. Thomas K. Finletter. The Commission of known experts recommended a 70-group combat air force as a minimum requirement because "world peace and the security of the United States are now the same thing."

The report, in recommending the pressing need for a stronger air force for our national security made the solemn warning that "even the most optimistic view of the United Nations" does not assure us "that this world organization will develop in time the necessary authority to prevent another great war."

The report proposes that we start immediately on this increase and that by 1952 besides the 70 groups with the 6,869 first-line aircraft, an Air National Guard of 27 groups with 3,212 first-line aircraft, and an adequately equipped 34-group Air Reserve, be provided.

In addition to all this very convincing evidence for the 70-group program, the Congressional Aviation Policy Board and the Armed Services Committee of the House have strongly recommended this increase for our Air Forces.

TIME IS VITAL FACTOR IN PLANNING AND BUILDING PLANES

Mr. Chairman, before I conclude, I want to talk about time for a moment. It has often been said that in a naval building program we could never have a Navy of any value in wartime if it were not planned at least 3 to 5 years beforehand. That is because it takes from 3 to 5 years to build a warship after construction is begun. The same can very nearly be said of planning for the Air Forces.

Germany began bombing England in 1940 and it was not until 1943 that Britain and the United States were able to successfully bomb Germany in the daytime. It took 3 years to get ready to retaliate.

It takes from 5 to 7 years to plan and produce a new airplane. All the planes that were used in the last war were on the drawing boards before the outbreak of hostilities. Time is indeed a precious thing in the aircraft industry. Consider for a moment our famous B-29's. The preliminary designs for those bombers were made in 1938 and 1939 and our Air Forces first contracted for them in 1940. And even with a priority that was second only to the atomic bomb project, it was four more years before the first bombs were dropped on Japan by our great B-29's.

BEFORE PEARL HARBOR ISOLATIONISTS AND APPEASERS OPPOSED PREPAREDNESS

So this aircraft development program is a continuous thing. It calls for vision, for farsightedness. We cannot afford to be caught short again. Only 10 years ago there were men in this Congress who were so completely devoid of vision that they voted against the two-ocean naval expansion bill of 1938. It is fortunate for our Nation that despite the shortsightedness of this minority the bill was passed and resulted in the building of most of the ships that were instrumental in our victories against Germany and Japan. The distinguished gentleman from Georgia [Mr. VINSON] was the author of that naval and air force expansion bill in 1938. He spoke on this floor yesterday in support of the 70-group air force and his advice of yesterday was quite similar to his advice of 10 years ago when he was pleading with the appeasers and isolationists to vote for a two-ocean Navy and a stronger Air Force to go with it.

It has been charged that this increase in the Air Force will result in the Navy being neglected. That should not and in my judgment will not happen. All the experts agree that the three branches—Army, Navy, and Air Force—are interdependent upon each other.

Fleet Adm. Chester W. Nimitz, retired, who is the greatest authority in this country, and perhaps in any country, on the role of the Navy in modern warfare, recently wrote me a letter in which he strongly defended the part of the Navy in our future scheme of national security.

It is my conviction—

The admiral wrote—

that the battleship is not obsolete, nor is the time foreseeable now when such ships may be discarded as one of the most important parts of the sea defense of the United States.

Admiral Nimitz went on to say that if it had not been for the battleships such as were built under the Naval Expansion Act of 1938 "we could not have won the war."

This distinguished expert on naval warfare pointed out that land invasions may be necessary in the future in order to strike at the source of the enemy's weapon centers.

When men and the weapons are landed in enemy territory, it is the Navy which must take them there and it is the Navy which makes it possible for such forces to land and obtain a beachhead—

He continued.

The admiral concluded by saying that while in the future the composition of fleets may change radically—

I am thoroughly convinced that whatever the new strategy, the battleship will have its irreplaceable part in tactics.

IF ANOTHER WAR OCCURS AMERICA WILL BE GIVEN NO TIME TO GET READY

Mr. Chairman, the future belongs to those who hurry. Let's not be too late with too little next time, if another war should befall mankind. As General Eaker has so ably pointed out many times, the United States will undoubtedly be the first target if there unhappily should be another full-scale war. We must be prepared to meet such attack with devastating force.

In every war up to the present we have had allies to hold the enemy in check until we could get our production going and prepare ourselves. But we will not have that advantage in the future. No longer can we expect such good fortune.

The best way to have peace today is to be prepared for war. In one short generation we have witnessed two devastating wars. And another is now threatened. Despite our victories, despotism and tyranny still prevail in Soviet Russia and the countries she dominates. Let us arm ourselves with a strong army, navy, and air force, and continue relentlessly in the struggle for world peace. That struggle will not succeed if we are weak or if we appease. Surely history of the past decade has taught us the utter futility of appeasing a dictator.

The late Jan Masaryk, who died a martyr to the cause of human freedom recently in Czechoslovakia, who knew the Russian mind and the Russian ambition, said not long before his tragic death:

America is the only country in the world that can make Russia go slow.

He went on to give us some good advice:

If I were an American—

He said—

I'd go all out for a tough policy toward Russia. That's the only way for you to keep her in line: get tough.

Mr. CLASON. Mr. Chairman, I rise in favor of the amendment offered by the gentleman from New York [Mr. TABER], chairman of the Appropriations Committee.

It authorizes the Secretary of the Air Force to enter into contracts for airplanes and other items required by his Department to an amount of $822,000,000, in addition to the sum provided in the bill as it now stands before us.

Yesterday I introduced H. R. 6247, a bill which provides that the United States Air Force shall consist of 70 Regular Air Force groups, 22 separate Regular Air Force squadrons, 27 National Guard air groups and 34 Air Reserve groups and their auxiliary units. It also authorizes an active duty strength of 502,000 in the Air Force, consisting of 70,500 officers, 4,800 warrant officers, and 426,700 enlisted persons. The need for such an Air Force as our first line of defense in a future war has been stressed by our military leaders. Today, any hostile nation attempting to attack the United States must rely on airplanes, guided missiles, and aerial operations. Our Navy is now larger than all other navies in the world combined. Our Army must be increased to render effective service in the occupation and defense areas. We cannot hope to keep as many enlisted men in active service as some possible enemies but our committee has been advised that a 70 combat group Air Force, with its proper

components, can beat back any probable attack on the United States and immediately start a devastating offensive on vital enemy targets. The knowledge that we have such an Air Force will be a great deterrent to any nation which desires to attack us. One of its most important results will be the maintenance of our aviation industry on a basis which will permit quick expansion to meet war needs.

Our only possible enemy now has more jet planes than the United States and is producing military planes at a far greater rate than we are. The expense of this program is large but it will be our best insurance of peace. It will take from 3 to 5 years to put our Air Force on a sound basis in accordance with this program. Following the passage of this bill, I would expect that further legislation may be brought before Congress for action which will establish legally a 70-group air force for the United States with a personnel limit of 502,000 officers and men. I feel that this program is sound and should be carried into effect at an early date.

Mr. GATHINGS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas.

There was no objection.

Mr. GATHINGS. Mr. Chairman, I rise in support of the amendment to the amendment offered by the gentleman from Tennessee.

Air power is our first line of defense. There is no substitute to being strong. There is no middle ground.

World conditions are uncertain. There exists turmoil in Italy, violence in Colombia, trouble with Red terrorists in Austria, the Scandinavian countries, and in other parts of the world.

We can take no chances on a matter as vital as our freedom and independence. Russia is arming and has been building large quantities of planes, tanks, and submarines for many months past.

To provide for a 70-group air force will cause any would-be aggressor to take stock before attacking us. Nothing short of an air force of that size and magnitude should be provided at this time.

We will be flirting with disaster if we do less.

Mr. BRYSON. Mr. Chairman, I rise in support of the substitute amendment offered by the gentleman from Tennessee.

Mr. Chairman, while I am in favor of the provisions of the pending bill H. R. 6226, I am more in favor of the bill as amended by the gentleman from New York [Mr. TABER] and still more in favor of the amendment offered to the Taber amendment by the gentleman from Tennessee [Mr. GORE].

Our people have a well founded and justified feeling, in which I concur, that our very first line of defense is in aviation. It is shocking to know how helpless we, the richest nation on the face of the earth, seem to be as compared with Russia. I believe the passage of this measure, carrying the maximum amount that might be needed, coupled with the fact that we have the atomic bomb, will deter any present possible aggressor nation. The next war, if there be another one and God forbid, will be largely fought in the air. Airplane development moves so swiftly until some equipment is obsolete soon after it leaves the assembly line.

The law of self-preservation makes it mandatory for us to look to our military strength without delay. I predict that this measure will pass with but few, if any, dissenting votes. The news of its passage will cause those nations who are disturbing the peace of the world to stop, look, and listen. The passage of this bill will bring comfort to the hearts of so many parents, although willing for their sons to leave home for military service are praying that such will not be necessary. I am conscious of the fact that we cannot rely solely on air defenses. Even in this fast moving age, foot soldiers are still required to prosecute a war. I am disappointed more men have not volunteered for military service, especially in view of the fact that the pay allowances and other opportunities and advantages exceed those ever dreamed of by any other nation. It is my purpose to not only vote for this bill but to vote as soon as opportunity is given for a revival of selective service. Also, I am in favor of universal military training, especially in view of present world conditions.

Let us speed up the passage of these essential measures providing for adequate military strength in all of the phases so essential for the preservation of our free way of life.

Mr. DURHAM. Mr. Chairman, I think I need take no time to remind the Members of the House that these are times that call for strong preparedness measures. Not a day passes that our public press does not report some event that emphasizes the fact. The tension over Berlin and Vienna, the open revolt in Bogota, the uncertainty over the outcome of the coming elections in Italy—these are matters to cause us to take stock of our military resources, and to ask ourselves, "Are we prepared to meet and defeat an act of aggression such as that which plunged us into war on December the 7th, 1941?" Are we prepared to take such retaliatory action that the outcome of whatever struggle may ensue will never for one moment be in doubt? Can we guarantee in another war victory for the United States that in the 167 years of its existence has been forced to fight many wars but which, thank God, has not—up to now—ever suffered final defeat in any war.

An issue of prime importance before the House at this moment is the size of the United States Air Force which this Congress has established to maintain the air defense of the United States, and to conduct the air operations necessary to victory in any war that may take place in this air age of the world's history. The Secretary of the Air Force has asked for appropriations large enough to give us a 70-group air force and in the request he has been seconded by Gen. Carl Spaatz, Chief of Staff of our Air Force and distinguished air strategist whose knowledge and whose leadership contributed so notably to our victory in World War II.

Opposition to so large an air force—an air force that is only one-seventh the size of the Air Force necessary to our victories of only 3 years ago—has been registered by the Secretary of the Navy and the Chief of Naval Operations. The Secretary of Defense has himself requested that appropriations be made for strengthening our defenses, but it is clear from his testimony that the appropriations he has recommended will not permit a 70-group air force. That is why the Secretary of the Air Force has appealed to Congress, and—through Congress—to the American people.

Opponents of an increase of strength in our Air Force suggest that the fight for a stronger air force represents a scuttling of the balanced strength of the armed forces that the Secretary of Defense is trying to achieve. They claim that an increase in air force strength would require larger land and sea forces solely for air support. They claim that an increase in air force strength now denies the principle of unification of the armed services that was the intention of the National Security Act of 1947, and violates the Key West agreements, worked out only a few weeks ago by the several Secretaries and the Chiefs of Staff of the National Military Establishment.

In the discussions which presently occupy us we have lost sight of the fact that plans for a 70-group air force are not new, and are in fact inherent in all postwar planning for the national military establishment. Even before the victory had been won in World War II, the 70-group program for the peacetime Air Force had been evolved. The goal, accepted then, has been the objective of all Air Force planning ever since.

On November the 8th, 1945, representatives of the air force and of the War Department General Staff established the 70-group program as the basis for Air Force planning, and allocated 400,000 men out of the 1,070,000 authorized by Congress, for Air Force troop basis. In accepting this figure, the Air Force pointed out that the training and support of the Air National Guard, the Air Reserve, the Air ROTC would require an additional allocation of personnel. The Air Force also pointed out that with separation from the Army, and with the transfer of additional responsibilities from the Army, an increase in personnel would be necessary.

Since that time the Air Force has requested further allocation of personnel, but its request has been consistently refused. The Air Force now feels that 502,000 men are necessary to man a 70-group air force. The acceleration of the program, in the face of the increasingly troubled international situation, requires an increase in personnel. The achievement of autonomy for the Air Force has given it responsibility for functions, not taken into consideration under the original estimates, for which additional personnel are likewise required. But while the estimate of personnel to man the 70-group program has been revised since November 1945, the number of groups needed for a stabilized, peacetime air force has never once been revised. In asking for a 70-group air force, with their proper complements of aircraft and

of personnel, the Secretary of the Air Force has merely requested fulfillment now, instead of at some future date, of the goal established 3 years ago.

I want to speak for a moment about the reasons why we have not already attained that goal. Until March 1947—just 1 year ago—the Air Force progressed steadily toward the goal of the 70-group program. At that time notice of reduction in funds caused the Air Force to reconsider. The air staff determined that on its new financial basis the Air Force could support only 55 groups. Since the budget reduction was not accompanied by any change whatsoever in the commitments which generated the requirement for the 70-group program, it was decided that rather than abandon the program, the Air Force would proceed on the assumption that the 55 groups would represent a phase of the ultimate 70-group program. In July 1947, General Spaatz directed that all groups of the 55-group phase would be activated, organized, and in place with some degree of operating mobility by January 1, 1948. General Spaatz' order was carried out. We now have our 55 groups. No one dare say that the Air Force has ever agreed, or assumed, that there would not eventually be 15 groups more.

The Air Force has made its plans, from the time it undertook the necessary demobilization of men who had served in World War II, for a 70-group air force. Its planes were not secret. They were announced to the world. It is reasonable to assume that the Army and the Navy made plans consistent with an Air Force of the size agreed upon and sought after. The Army strength goal was set at 669,000, and remains there. The Navy has an authorized strength of 552,000 men. When the Key West agreements were reached, only a few weeks ago, in an atmosphere of what we were led to assume was complete harmony, the assignment of functions and missions of the armed services contemplated a 70-group air force. The 55-group phase for which volunteer enlistment was providing more personnel than the Air Force could support or employ, was and is but a temporary phase of a program that in itself will be expanded greatly in the event of war.

No citizen of the United States might at any time during the last 3 years have been in ignorance as to the proposed size of the United States Air Force. No citizen needed ever to ask "How large an air force?"

What the thoughtful citizen might well have asked, and what the citizens of this democracy are asking now, in the face of increasing evidence of totalitarian aggression, is not "How large?" but "When?" When—how soon—are we to have the Air Force that we so earnestly need?

Until an international organization—by some miracle—gives us an international police force for the prevention of war, we have the choice of building a protective machine strong enough to discourage any possible aggressor or of remaining unprepared and defenseless and hoping that war will not occur. The first choice is the only intelligent choice, and it is the choice this Congress has already made. We are going to have a unified military establishment strong enough to discourage acts of aggression against our independence, our sovereignty, and our democracy. And it seems clear that Congress has already decided what the first-line striking power of that establishment is going to be.

It is going to be a modern air force, capable of striking anywhere in the world from the United States, supported by a program of scientific research and development, of industrial readiness, and by adequate manpower. There are no insurmountable obstacles between us and security. We have the best scientists, the best airmen, designers, facilities, materials, and the most money of any nation in the world. There is no insurance we can buy which would be cheaper, or as cheap, as real air power.

Neither an army nor a navy can operate on a surface over which a hostile air force has control of the air. An air force can operate in the air over a surface controlled by a hostile army or navy, and can operate at tremendous speed, from great distance, and with the most disastrous effectiveness the world has yet seen. Obstacles of distance and terrain have been overcome by the Air Force; the barriers to ever-increasing speed is giving way before the attacks of aeronautical scientists and engineers. An adequate air force will permit us to strike at an enemy over any terrain that he controls. An air force adequate to give us this power is essential if our Army and our Navy are to be effectively used in those operations for which, admittedly, a strong army and a strong navy are still required.

An adequate air force is the key to our national security, and for one very significant reason, aside from the reasons I have just suggested. We have three national defense forces, the Army, the Navy, and the Air Force, and one very powerful, possibly decisive, weapon, the atomic bomb. Of our three national defense forces, only one has the means of delivering our decisive weapon to the target where it can be used with most effectiveness. A crew of only a dozen men, flying one Air Force bomber, can carry an atomic bomb to the industrial heart land of an aggressor nation. One such crew dropped one atomic bomb on Nagasaki, another such crew dropped a single atomic bomb on Hiroshima. The rest is history.

When some future historian writes what happened as a result of decisions being made here today, is he to record that we would not provide an air force capable of defending the United States, ready for immediate retaliatory action, and prepared to use the weapon created by American science and American industry? Is he to record that we were unwilling to provide for ourselves the assurance of victory? Or will that historian write that with a proud navy patrolling our shores and a mighty army ready to meet the invader, we still went down in defeat for lack of an air force strong enough to protect us in the one element through which a twentieth-century enemy will first move—the element of the air?

Mr. RICHARDS. Mr. Chairman, it is my considered opinion that this appropriation should be increased so as to provide for a 70-group air force to consist of about 20,000 up-to-date planes.

It seems that rivalry between the different branches of the services has obscured the issues involved. Too many admirals and generals cannot see the woods for the trees.

I have always favored a well-rounded defense program. In this program proper consideration must be given to the Army, the Navy, and the Air Force. Primarily we must have adequate manpower for our armed forces. We are not now getting that adequate manpower through the volunteer system and, for that reason, I am ready to support the draft of men from 18 to 25 years of age, and also universal military training to provide a reservoir of partly trained men in the event war comes.

But, Mr. Chairman, what is proper balance between the branches of our armed service? When we speak of balance, we should not approach the subject from the standpoint of desire to provide equal appropriations for each branch of the service. The best balanced defense force is that force which can best meet the challenge of potential enemies. There is only one powerful nation in the world today which could be considered a potential enemy on the battlefield in the immediate years to come.

That nation has unlimited manpower and an active army five times the size of ours. That nation is building 12 times as many war planes today as is our own country. That nation has no Navy to speak of, except submarines, in which field the United States is far outnumbered.

It would seem, therefore, that we should cut our pattern of defense to meet the danger confronting us. We have not an adequate air force now, and the first essential is to build one. A program to build and to keep up to date an Air Force of at least 20,000 planes in the face of world conditions today seems essential.

We have the atom bomb; Russia soon may have it. In any event, we must have an Air Force large enough and strong enough to protect this country and, if necessary, carry the fight to the enemy.

It seems stupid to me for admirals to talk about a 70-group air force unbalancing our defense system. The thing for this Congress to do, in my opinion, is to provide money for this 70-group force and then balance our Army and naval power on this basis. There was a day when manpower and fire power on land were the dominant factors in any war. Later on sea power came into its own. For centuries Great Britain dominated the sea lanes of the world with sea power. During World War II, our Navy was our first line of defense. In another war our first line of denfense will be our Air Force.

This is no time to allow petty jealousies to obscure the needs of the day. Neither time nor the national interest will permit neglect of the welfare of the Nation in order to preserve outmoded tradition

and the status of commanders who have eyes only for their own show.

I reiterate there is a place in our defense system for every branch of the service, and a proper place. We would be blind indeed, however, if we did not learn from the last war that in the next our first line of defense, as well as the first wave of offense, will be our Air Force.

I congratulate the Armed Services Committee on their unanimous backing of a 70-group air force.

Mr. HAVENNER. Mr. Chairman, I will vote for the pending amendment because it will provide the full measure of Air Force which our military experts have recommended for the national dedefense of the United States in time of peace. I want to stress the fact that Secretary of Defense Forrestal, Secretary of the Air Forces Symington, and the Chief of Staff of the Air Forces General Spaatz have all assured the House Armed Services Committee, of which I am a member, that the 70-group air force, which this amendment will underwrite, is designed to preserve peace and not to wage war. Secretary Symington, testifying before our committee this week in support of the 70-group program, made the following statement: "This is not a wartime program on any basis." The Chief of Staff, General Spaatz, in his testimony before the committee said:

> The 70-group program is a peacetime air force necessary to give us the proper air posture. This program gives us a basis for expansion in case of an emergency—a platform to build on.

I am convinced, Mr. Chairman, that if America had possessed a 70-group air force of the kind which is here contemplated, together with the atomic bomb, at the time when the dastardly sneak attack was made on Pearl Harbor, we could have knocked Japan out of the war within a very brief time. I am further convinced that if Japan had known that we had such an air force and such a weapon she would not have made any attack upon us. I believe that the knowledge of American air strength will deter any nation from waging war upon us in the future.

So, Mr. Chairman, I regard this vote as a vote for the preservation of peace and for the prevention of war.

To those who contend that any measure for the adequate military defense of this Nation is a gesture toward war, I can only reply that to leave ourselves defenseless while every other nation in the world is arming at a feverish pace would be the equivalent of national suicide. We know that the Russians are building, as fast as they can, what they hope will be the greatest air force in the world. Secretary Symington has stated that even if we get the 70-group air force Russia's air strength will be many times greater than ours. However, our military advisers are confident that with adequate peacetime defensive strength in the air, America will not be in danger of attack from Russia or any other nation.

Mr. LYLE. Mr. Chairman, I favor the Taber amendment. It is not advisable at this time to overlook the weighty testimony and findings in support of a 70-group air force program.

Scientific skill and technical advancement equal to that of any nation in the world, with a superior ability to use them, is unquestionably a formula for peace.

How cheaply we can purchase peace, no one knows. The development of first-line aircraft is expensive and requires constant research and improvement. Looking forward, however, in the unlimited field of aerial possibilities, we would not be realistic if we failed to keep old weapons ready, manned and in a position to defend our country.

A balanced air force includes a strong and effective naval air arm. We have not progressed to the point that the aircraft carrier is outmoded. It can be truthfully said, I believe, that it is one of the strongest components of our defense program. The strength and further development of the naval air arm complements the program of the United States Air Forces. The roles and missions of the naval air arm are unique, and in ability to accomplish its mission, it is unequalled in the world.

Our present weapons have not become obsolete as rapidly as we feared. Rockets that can be shot around the world are not presently imminent, so we must still concern ourselves with aircraft of known use. Until airplanes have been developed that can fly very swiftly with tons of bombs 10,000 miles or more, we must rely upon land bases and carriers sufficiently close to the target to permit operations in force against the enemy.

As we look to the future, Mr. Chairman, we must not be unmindful of the present, for upon a realistic use of present strength may depend what is to come.

Mr. HARRIS. Mr. Chairman, I am supporting this appropriation to supplement our national defense. In view of recent events, the turmoil, and uncertainties that have been increasing over a period of time makes it imperative that we provide and maintain an adequate preparedness program to meet any emergency.

I am intensely interested in the amendment offered by the chairman of the committee for the increase of funds over that reported by the committee for our Air Force. It think it is highly appropriate that this action be taken to increase our Air Force to the required and authorized strength of 70 groups. In fact, I have advocated this for months, Mr. Chairman, and it is unfortunate there has been some controversy in high places of our Government that has delayed this program.

This amendment would increase the authorization for the procurement of aircraft contracts, and so forth, to the extent of $1,687,000,000. This money and authorization will be available until June 30, 1950, and it assures our Air Force that we will proceed immediately with this expansion program for our national security and well-being.

There is no opposition now to the bill as was reported, and the only question involved is, are we going to supply this additional authorization and funds to give us required strength. This will do it, and I am glad to see the Committee come to this resolution, which I believe will have the complete support and backing of the people throughout the United States.

I was horrified and very much discouraged when I was in Germany last fall and advised by our military authorities that they had instructions to reduce the air force there from 25,000 by July 1 this year to 10,000. Conditions now are much more acute than they were then and such action on our part is wholly indefensible. It is gratifying to know that policy has changed and additional air strength is being provided for our occupation forces. The fleet that has just been sent to Berlin and Frankfurt will in my opinion have a tremendous influence on the constant threat of the Communist aggression.

Only yesterday, Mr. Chairman, did the chief publicity agent for the Communists in Berlin say that the Marshall aid and the strengthening of our forces meant war. This to me means that Russia intends to press her aggression even if it means war. They have their program well planned and it is their policy to continue to absorb nations making them their satellites and if such a program as we have provided and are providing interferes that they will go to war if necessary to accomplish their objectives.

Only today is it reported that 100 Stalin tanks have been sent to Berlin. This obviously is to enforce their present method and the only way that it can be met is by the program provided in this legislation.

I cannot urge too strongly the adoption of this amendment increasing the funds for our Air Force and passing the legislation as expeditiously as possible in order that this program may continue to get under way.

Mrs. DOUGLAS. Mr. Chairman, I rise in support of the amendment introduced by the gentleman from New York [Mr. TABER] for an increase in the size of our Air Force.

Until we have an effectively organized world with a functioning police force, we must be strong enough to insure our national self-preservation.

At the same time we must not fall into the grave danger of relying on military might to insure the future. We should accelerate our efforts to revitalize and reorganize the United Nations to give it the power with which to meet future threats to peace.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Tennessee [Mr. GORE] to the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. GORE) there were—ayes 40, noes 74.

Mr. GORE. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 115, noes 0.

So the amendment was agreed to.

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: On page 2, line 25, insert "*Provided further*, That none of the funds herein appropriated shall be used in the branches of the Department of the Air Force in which there exists racial segregation."

Mr. RANKIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, I make the point of order that this amendment is not germane and it is, therefore, not in order on this bill; that it is legislation on an appropriation bill; that imposes additional burdens and restrictions that are entirely out of place.

This is an aircraft procurement bill. This is not a labor bill. I submit that the amendment is out of order from practically every standpoint.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. POWELL. Yes, Mr. Chairman. This is an amendment which has limitations; it is negative; it is the type that has been ruled in order on previous appropriation bills.

The CHAIRMAN. The Chair is ready to rule. The gentleman from New York has offered an amendment against which the gentleman from Mississippi has made a point of order. The Chair is constrained to rule that the amendment is germane and is in order and consequently overrules the point of order.

Mr. POWELL. Mr. Chairman, I just voted for the amendment to the amendment offered by the gentleman from Tennessee. I have just voted for the amendment offered by the gentleman from New York, which was passed. I did this because I believe that this bill before us is a defensive measure and, as a loyal American citizen, I would support any measure aimed at defending our borders. I believe that with the passage of this bill as amended all arguments for UMT or selective service will not be needed. This establishes our Nation now with 22,000 first-line planes, and I do not see the need of the draft or the UMT in such a situation. However, I serve notice now that I will vote against this bill and any bill in connection with our armed services which does not include definite and specific language abolishing Jim Crow of all types.

I do, however, believe that it is time, because this is a "dire emergency," as the gentleman from Missouri [Mr. CANNON] has pointed out, to close ranks, and I am offering this amendment to the bill because this amendment will close ranks. If it is passed, I will support the bill. I have a cable from an outstanding Republican, probably the outstanding Negro Republican, Joe Louis. Joe Louis in his cable, printed in April 10 Afro-American, says:

It is time that we veterans who suffered the humiliation of Jim Crow trains, Jim Crow restaurants, Jim Crow railroad stations, Jim Crow Army barracks, and even Jim Crow telephone booths, rise in every corner of the land and say, "This shall not happen to our younger brothers."

It is time for all colored citizens—parents, sisters, wives, and the men in danger of being drafted—to let Congress, the Nation, and the world know in unmistakable terms that they will not accept this would-be permanent curse.

This is from an outstanding Republican, an outstanding citizen of our land.

May I also point out that I have correspondence from the Navy which came to the gentleman from New York [Mr. ANDREWS], chairman of the Committee on Armed Services, in which the Navy, over the signature of its Judge Advocate General, Rear Admiral Colclough, said they had no objection to such an amendment as I am now proposing. The Navy Department interposes no objection to the enactment of the bill H. R. 279, now H. R. 4952, which is my bill, and which is the exact language of this amendment, that is, complete abolition of segregation in the armed forces. The Navy supports this amendment.

I have a letter which was also sent to the gentleman from New York [Mr. ANDREWS] over the signature of the Acting Secretary of the Treasury, E. H. Foley, Jr., also saying that the Treasury has no objection to the enactment of H. R. 279, now H. R. 4952, which is the amendment.

Mr. Chairman, I bring this before you as an American citizen who wants to see our ranks closed now, in peacetime. We did this during wartime. We had ships in our service during wartime, in the Coast Guard, in the Navy, and in the merchant marine with mixed crews. Why not do it now, before war comes, so we will be prepared at home?

American democracy practiced at home is the first line of defense. Planes, guns, and ships come next. Unless those planes, guns, and ships are manned in accordance with the democratic spirit of our Constitution and Bill of Rights, they will not be the type of weapon that will successfully bring our Nation to the pinnacle of victory.

I make no excuse, when I present this amendment, for the patriotism of my people, the Negro people. Back in the beginning of this Republic, the first blood that was shed that America might be free was shed on March 5, 1773, on Boston Common by a black man, Prispus Attucks. From the days of then until the days of now Negro people have been the most loyal minority in this democracy. The Negro people will stand ready at all times to defend this Nation, but they are saying, "We want some of the democracy here now at home that you are trying to sell abroad to other people and that you ask us to go ahead and fight for. We have proven our loyalty. We are asking for democracy now."

I ask you to support this amendment.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is not in the interest of the Negroes of the country. It would only tend to stir up friction, and at the same time it would embarrass and handicap the Air Force in carrying out the program we are trying to provide.

If you are going to try to inject this kind of amendment into your appropriations, the next one will probably go further and further and further. Are you going to cripple our Air Force in order to carry out the demagoguery of somebody who does not have any interest at all in the masses of the Negro people of the country?

Go down South where I live, where more Negroes are employed than anywhere else in the country, where they enjoy more happiness, more peace, more prosperity, more security and protection than they have ever enjoyed in all history. They are not asking for this amendment.

Do you want us to cripple our Air Force in order to gratify some Negro politician?

If you adopt this amendment you will cripple our Air Force at a time when it will do our country the most harm and the Negroes the least good.

So I submit that this amendment be voted down—unanimously.

ABOLISH RACIAL SEGREGATION IN THE AIR FORCES

Mr. ISACSON. Mr. Chairman, I rise in support of the amendment proposed by the gentleman from New York, Congressman ADAM CLAYTON POWELL, to terminate by congressional mandate the practice of racial discrimination and segregation of Jim Crow in the Air Force of the United States.

The policy now in force of segregation and discrimination for reasons of race or for any reason whatsoever is repugnant to our basic democratic principles.

The policy of Jim Crow is unfair, in that it withholds equality of opportunity and advantage from the Negro people who must nevertheless share equally in the cost of all activities and branches of Government on a share and share alike basis. In other words, a policy of discrimination in any activity supported out of general taxes in effect forces that portion of the taxpayers to foot the bill for discrimination against themselves.

A policy of discrimination and segregation is uneconomical. It deprives any enterprise upon which we may launch of the full and unlimited use of all the skills and talents which are available.

Obviously, the best results in any enterprise will be obtained if eligibility is determined solely on the bases of citizenship and qualification. It is clear, furthermore, that any system of selection of manpower by quota defeats itself in the light of this fact.

I am cognizant of the often-advanced theory—heard most recently in the hearings on universal military training—that legislation is the wrong way to advance the cause of integration of our society in any of its endeavors. Education and evolution will bring about the necessary changes, the proponents of this theory say.

This theory is inadequate in general; it is particularly inadequate when applied to the practices of our armed forces.

We have only to witness the recent dispute between the State of New Jersey and the War Department on the subject of segregation and discrimination to be assured that, without legislation, the Army will not relinquish its tradition of race discrimination.

The State of New Jersey by legislative action abolished segregation in its

State guard units. The War Department demanded that standard Army practices of segregation prevail. The State of New Jersey eventually won the argument, and segregation has ended in the armed forces mobilized by that State. But it was over the objections of the Army and not with the Army's cooperation.

This legislative safeguard must be included in order to insure the rights of all eligible citizens that they will not be denied equal opportunity and civil rights in a branch of our Nation's defenses in which they may be required to sacrifice their very lives in defense of democratic principles—which still include, I am sure, our hopes for equal rights and opportunities for all.

I am going to oppose this bill and all other bills providing for military appropriations until Jim Crow is ended—until bias and bigotry and discrimination are wiped from the face of America.

Mrs. DOUGLAS. Mr. Speaker, I rise in support of the amendment introduced by the gentleman from New York [Mr. POWELL]. It is a matter of simple justice to abolish segregation in all the branches of the armed forces.

We should be especially mindful of the Negro soldier, remembering that he fought and shed his blood for a freedom which he has not as yet been permitted fully to share. He made his contribution in World War II as he has in every other war in which we, a free people, have fought. It should never be forgotten that Negro heroes in that war achieved their proud records under handicaps that did not have to be overcome by most of their white fellow citizens. To ask them again to bear arms in the face of continued discrimination would add to those handicaps and go beyond the bounds of common decency.

It is always my fervent hope that we will have the wisdom to look upon citizens as citizens, and soldiers as soldiers—neither white nor black nor yellow—but simply as citizens of a working democracy and a world community.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from New York has kindly loaned me this cable from Joe Louis. I read the first sentence:

> It is time that we veterans who suffered the humiliation of Jim Crow trains, Jim Crow restaurants, Jim Crow railroad stations, Jim Crow Army barracks, and even Jim Crow telephone booths, rise in every corner of the land and say "That shall not happen to our younger brothers."

But I understood from the gentleman's remarks that during the war there had been little if any discrimination. Perhaps I am mistaken.

Mr. POWELL. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. POWELL. In the Coast Guard none; in the merchant marine none; and in the Navy some.

Mr. HOFFMAN. Some, but very little?

Mr. POWELL. That is right.

Mr. HOFFMAN. So the situation has been gradually growing better. My point was that I would like to advise you—or inform you, perhaps is the better word—that if Joe Louis would stay home where he belongs, and I have always admired Joe Louis, I think he is a fine outstanding—that is I thought he was a fine outstanding—American citizen. I never heard anything against him until this recent love-balm suit or whatever it may be. He has been known as a sober, churchgoing American, a credit to his race and our Nation. Joe Louis spends his summers and is going to do his training in Bloomingdale, Van Buren County, Mich., which is in my own district, so I am happy to tell you that I am a fellow citizen of Joe Louis. If he would quit wandering around in Europe and elsewhere he would be treated all right. He was never discriminated against in the Fourth Congressional District in Michigan. We have a law in Michigan which makes open to all on equal terms our transportation facilities—we do not have any Jim Crow cars, do we? You know that. You have traveled in my territory from Chicago to Detroit, I will say to the gentleman from New York. They all, regardless of race or color or religion, go in where they like. I know this, that the last time I came down from Kalamazoo to Detroit on the Century I noticed that, although I got in ahead of two Negro gentlemen and a Negro lady with a little girl, I was served after they were. The discrimination was against me. I did not care anything about it, made no protest, did not feel hurt, it amused me somewhat to see the colored waiters forget "first come, first served." And then when I went back to my seat in the car, being a little ill and having some little stomach disorder after the meal, I went in there, and right ahead of me was a bowler, a colored gentleman who was going down to New York to bowl in a tournament. The gentleman was smoking. I said to him, "Do you see that no-smoking sign?" He said, "I do not like your criticism. I do not like your talk, your tone." I said, "I apologize for the tone." I said, "I do not like your cigarette smoke." Then I said, "You see that sign?" And then I told him, "I cannot understand just why you are all the time yelling about discrimination and then when you get into this car, into this pullman with the rest of us, everything is all right and everything is nice but you are the only fellow in the car who is smoking, who is violating the rule." There was a smoking room in the car. No doubt the case was exceptional—but there it was—a clear case of discrimination by the one gentleman against all the rest of the occupants of the car. So if you will come to Michigan into the Fourth Congressional District and make your home there you will be happy there and I will welcome you providing you do not run against me for office, because I do not want you to do that. If you will come up there you will be treated just the same as the rest of our folks, there is no discrimination. I repeat, my advice to Joe is to come home to western Michigan and he will see no discrimination. The truth is you will find there has never been discrimination there—in the Fourth District—none at all in Michigan and very little in this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 14, noes 103.

So the amendment was rejected.

The Clerk read as follows:

DEPARTMENT OF THE NAVY

BUREAU OF AERONAUTICS

Construction of aircraft and related procurement

For new construction and procurement of aircraft and equipment, spare parts and accessories therefore, including expansion of public plants, and government-owned equipment and installation thereof in public or private plants, and for the employment of group IVb personnel in the Bureau of Aeronautics necessary for the purposes of this appropriation, to remain available until expended, $315,000,000, of which $150,000,000 is for liquidation of obligations incurred under authority heretofore granted to enter into contracts for the foregoing purposes; and in addition, the Secretary of the Navy is authorized, until June 30, 1949, to enter into contracts for the purposes of this appropriation in an amount not to exceed $588,000,000: *Provided*, That the unexpended balances of the appropriations of $310,000,000 and $90,000,000 which were made available until expended for the foregoing purposes by the Navy Department Appropriation Act, 1947, and the Navy Department Appropriation Act, 1948, respectively, shall be consolidated with this appropriation, to be disbursed and accounted for as one fund: *Provided further*, That any obligation incurred hereunder shall be subject to the general provisions of the Navy Department Appropriation Act for the fiscal year in which such obligation is incurred.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota.

On page 4, after line 1, insert:

"SEC. 2. (a) The Secretary of Defense shall report to the Committees on Appropriations and Armed Services of the Congress not later than June 30, 1948, and quarterly thereafter, the amounts obligated under the contract authorizations provided for in this act and such reports shall include a statement of finding by the President that the contracts let are necessary in the interests of the national defense and that the contract specifications insure the maximum utilization of improvements in aircraft and equipment consistent with the defense needs of the United States.

"(b) All contracts entered into under this act shall include a clause providing for final settlement in accord with the provisions of the Renegotiation Act as it was in effect July 1, 1945."

And in line 2 strike out "Section 2" and insert in lieu thereof "Section 3."

Mr. CASE of South Dakota. Mr. Chairman, this amendment may be called a committee amendment. It has been approved by members of the Deficiency Subcommittee, and is the amendment for which the gentleman from New York [Mr. TABER] obtained consent yesterday that it might be in order on this appropriation bill.

The amendment does three things. First, it requires that the Secretary of Defense shall make quarterly reports

upon the progress of letting contracts under the authorizations created by this act.

The second thing is to require that these reports shall include a statement of finding by the President that the contracts let are necessary in the interest of the national defense, and—this latter part is more significant—that the contract specifications insure the maximum utilization of improvements in aircraft and equipment consistent with the defense needs of the United States. At that point I want to inject just this comment:

In our aircraft procurement, probably more than in any other phase of national defense procurement, it is important that we get the latest gadget on the machine when it rolls off at the time we need it. We do not want to be building some flying coffins and get loaded up with them. We want to be sure that we have the very latest thing at the time of maximum need. The language here is designed to insure that that point is kept in mind in the timing and specifications, so that the maximum utilization of improvements in aircraft and equipment will be made, consistent with the probable defense needs of the United States at time of delivery.

The third part of the amendment provides that all contracts entered into under this act shall include a clause providing for final settlement in accord with the provisions of the Renegotiation Act as it was in effect July 1, 1945.

At that point today I merely wish to say that this gives us the benefit of the renegotiation procedure, as worked out in the experience of World War II. The final amendment to the Renegotiation Act was in effect on July 1, 1945, the date cited in this amendment, which, in effect, picks up the provisions of that act.

As I indicated yesterday, with the prospect of entering upon the large program which will be involved in effectuating a modern 70-group airplane program, it seemed to me that we should have the benefit of the renegotiation procedure which was initiated by an amendment which I offered to the sixth supplemental defense bill in the spring of 1942. The members of the subcommittee all heartily agreed. And this morning the chairman of the committee received a letter from Secretary of the Air Force Symington which said, in part:

> Thanks for the wise move we understand you made with respect to installation of a renegotiation clause. * * * We believe * * * your action will result in millions of dollars being saved for the Government.

In the final wind-up following World War II, I might say that former Secretary of War Patterson estimated that over $10,000,000,000 was recovered or saved through the renegotiation procedure and more than that in forward pricing. We are hoping by this amendment to take advantage of that procedure again in this large program of procurement which is being launched.

Mr. Chairman, I ask for the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. CASE].

The amendment was agreed to.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 10 minutes.

Mr. KEEFE. Mr. Chairman, this bill provides vast sums for aircraft procurement for the Air Corps and for the Navy. I am in complete accord with that program. I want to see it carried out promptly in order to realize the establishment of the 70-group air force. I want to call the attention of the Congress to a situation that is developing, that I hope the proper departments of government can take cognizance of today, that is a very vital and necessary component and essential in connection with any over-all national defense program.

I have caused to be placed in the lobby out here an exhibit relating to the production and processing of hemp and hemp fiber. You may think that is of little importance, but let me call your attention to the fact that when we got into this last war we suddenly discovered that due to the interception and intervention of the German submarine the normal supply of foreign fibers that produced the cordage so necessary for our national defense program was cut off. The possible threat of a similar situation prompts me to make this statement.

I rise to discuss the need for a support-price program for American hemp.

Hemp is an annual crop that can be grown successfully in many sections of the United States for the production of fiber. The fiber is obtained from the stalks of the plant.

It is the only proven cordage fiber that has been produced on a large scale in continental United States. Prior to the Civil War it was our principal cordage fiber and all rope was made from hemp. In the 1850's the tropical fibers, abaca, sisal, hennequen, and jute, which could be imported more cheaply, began to supplant hemp. From 1860 on hemp production declined rapidly and from then to about 1915 all hemp grown in the United States was produced in Kentucky. In 1915 hemp growing shifted largely to Wisconsin.

In each of three recent wars in which the United States engaged, the planting of hemp expanded to meet our needs for fiber. Hemp-fiber was in demand during the Spanish-American War and played an important role in World War I. This war was chiefly responsible for the development of the hemp mill and the moving of the industry to Wisconsin, where conditions were favorable to the use of mills. German raiders greatly interfered with our normal supply of tropical fibers and we turned to hemp to augment the reduced supply of hard fiber.

In spite of the vital service this industry rendered in the First World War, it was forgotten soon after the armistice and allowed to wither and nearly die.

Fortunately for America a few patriotic and farsighted men kept the spark alive in Wisconsin, maintaining five small mills. They did so practically without profit to themselves. They were barren years, but the skills necessary to the production and processing of hemp were kept alive.

When America was plunged into World War II we again faced a critical shortage of the fibers which are so essential to our national economy and our national security.

In December of 1941 Germany had overrun all of Europe and Japan appeared likely to cut off our supply of fiber from India and the South Pacific.

It immediately became apparent that our policy of neglect with respect to the hemp industry has been short-sighted and we were facing a serious shortage of fibers needed to wage a global war.

The Government turned to the operators of the mills in Wisconsin for help in a desperate hour of need.

Government engineers went into these plants and made drawings of the special equipment needed to process hemp. They enlisted the aid of the men who had retained the know-how of growing the plant, treating the stalks after the harvest, removing the precious fiber from the stems, and processing it into the rope, twine, yarns, and threads so vitally needed by our armed forces.

The operators gave freely of their knowledge and skills and rallied the farmers of the area to grow hemp and more hemp.

The Government ordered the immediate construction of an additional 42 hemp-processing plants. Crops were grown in Wisconsin, Illinois, Indiana, Iowa, Kentucky, and Minnesota.

In 1939 less than 3,000 acres of hemp was being raised. By 1943 a total of 185,000 acres were planted to hemp.

It was never possible during the years the Government hemp program was operating to meet War Production Board directives as to the amount of hemp that should be produced.

It took two full years to get into production on a sizable scale.

Had it not been for the small industry operating in Wisconsin the situation would have been much more difficult if not impossible of achievement.

When the emergency ended Government interest in the product again lapsed.

The 42 plants were declared surplus and 32 have been sold to private users for repair shops, laundries, and warehouses. Only one of the plants sold is now being used for the processing of hemp.

The vast surplus of fiber built up in accordance with War Production Board directives was dumped after the war into commercial channels where it became a glut on the market and a serious threat to the very existence of the original hemp companies that had come to the assistance of the Government so loyally during the war.

Commodity Credit Corporation turned the fiber over to the former customers of the hemp mills. Some of the spinners purchased the fiber in such great quantities at prices so far below the cost of production that they are now sellers instead of buyers.

The market for fiber now being produced in the original companies in my district in Wisconsin has virtually disappeared. Farmers have become hesitant about further plantings and the plant operators are faced with bankruptcy.

The operators of these companies are now pleading with the Department of Agriculture to do something to save the industry. They believe that so long as other crops are given support prices that this industry, because of its importance in times of emergency, merits support.

In addition to being a valuable product in times of war, hemp is an excellent crop for the farmers, especially in the dairy State of Wisconsin. Hemp does not exhaust the soil and is one of the best crops for smothering weeds. Hemp provides the kind of diversion that is needed to balance the profitable operation of a dairy farm.

The farmers who have participated in this hemp program are definitely of the opinion that hemp to them is just as essential as other crops now covered by the agricultural support program instituted in 1943.

The mills are operated on a cooperative plan but are not cooperative in law. The mills are valuable to the communities in which they are located in that they afford winter work for a considerable number of persons in localities where such winter work is often scarce. The period of operation is from November to late spring, making available a supply of farm labor during the season when in greatest demand.

From 1942 to 1945 Commodity Credit Corporation was the principal purchaser of hemp fiber at support prices established by Commodity. In 1946 there was a support price for the fiber but the industry was able to sell at better prices than the support price and no fiber was sold to the Government. The support prices established by Commodity Credit Corporation were as follows:

Line: Prime 28 cents; grade I, 25 cents; grade II, 22 cents; grade III, 18 cents; grade IV, 12 cents.

Tow: Grade I, 12 cents; grade II, 10½ cents; and grade III, 6½ cents.

The Hemp Producers Association has requested that a price-support program be established for American hemp grown in 1948 and milled in 1948–49, at mills operated in 1947. In view of the increased cost of growing and milling help, the association believes higher support prices are warranted on the 1948 crop. They suggest the following:

Line: Prime, 29 cents; grade I, 27 cents; grade II, 25 cents; grade III, 22 cents; grade IV, 15 cents.

Tow: Grade I, 14 cents; grade II, 12 cents; and grade III, 8 cents.

In requesting that a floor price be placed on domestic fiber for 1948, the producers are not asking for an indefinite program. They believe that the importance of the industry to national security justifies support but they also feel that experiments being conducted in the degumming of hemp fiber, so that it can be used in textiles, will soon enable the industry to compete in the domestic bast fiber market without benefit of a support price.

In these experiments hemp fibers are being mixed with synthetic fibers such as rayon to give cloth now made from these fibers greater strength, better wearing quality, and less shrinkage. Textile men are now referring to hemp as the "wonder fiber."

But regardless of these bright prospects for hemp there are a number of important reasons why it is desirable that the Government take steps now to insure the maintenance of at least a small hemp industry in order to guarantee the United States' ability to increase production rapidly should it ever again become necessary.

We all know that the international outlook is alarming. In the event of the United States becoming involved in another war it would very probably be necessary to again produce cordage fibers within the United States in order to have an assured supply of long fiber for rope.

India now supplies about 98 percent of our jute. That country is severing its ties with Great Britain and for months bitter civil strife raged in various parts of India. Civil war in India could seriously curtail our supply of jute. Loss of our source of jute would probably make necessary an increase in the production of hemp.

The gentleman from Wisconsin is in complete accord with the position taken by the hemp growers and processors. The importance of the industry has been proven in the last two wars. With foreign relations as strained as they are, we believe it would be good policy to classify hemp as a critical material. The Government is stock piling fibers that are imported for emergency use. Why should not hemp, grown in our own country, be included in such a program so that our farmers could have this benefit. A stock-piling and support-price program could be coordinated so that all fiber which the domestic program could not use could be stock piled for emergency use.

Mr. Chairman, I have arranged to have a case of hemp and hemp products placed on display in the Speaker's lobby. I hope that the Members will take the time to inspect this material.

Mr. GWYNNE of Iowa. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I was very much impressed by the remarks of the gentleman from Wisconsin [Mr. KEEFE]. My only purpose in rising is to suggest that the proper committees of this House give consideration to what he said and the suggestions he made. When the war began and we discovered that we needed to grow hemp in this country to provide rope for the Navy, because of the fact that the raw product from which rope is made could no longer be brought in because of the German submarines, the Government representatives came out to Iowa and established six or seven hemp plants in the Third Congressional District, which I have the honor to represent. The growing of hemp was an entirely new undertaking to us. These plants were built at an expense of over $300,000 apiece. The agents of the Government went to the farmers and sold them the idea as a patriotic thing that they should take some of their land out of corn and put it into hemp. They did, and we discovered that we could grow hemp there in accordance with the desires of the Navy Department. Now, when the submarine menace was ended, we found that these hemp plants could not compete with foreign products. Many people suggested that, as a war measure, if for no other reason, we should work out some kind of a program which would enable hemp to be produced in this country in time of peace, as well as in time of war. The college at Ames, Iowa, has carried on some experiments to demonstrate that if given the proper support by the Government the growing of hemp could be undertaken in many places in the Midwest. I regret to say that, unfortunately, we did not have too much cooperation from the proper agencies of the Government, and these hemp plants have been sold at a very low price of about $30,000 apiece, and hemp growing is out of the window during peacetime. With the situation existing as it now exists, with the threat of another submarine warfare which might be more effective against our shipping than anything we have encountered heretofore, I suggest that the proper committees should now consider the advisability of a program which will enable the hemp production in this country to survive in times of peace.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE of Iowa. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Would the gentleman go so far, in addition to what he has said, and emphasize the necessity of our getting into this country from the Philippines high-quality fiber so that good rope for American agriculture plus our defense forces could be obtained?

Mr. GWYNNE of Iowa. I am not familiar with that, I may say. All I know is that we had difficulty in getting any kind of fiber from any place on account of the submarines. Therefore, during the war we had to produce hemp ourselves.

Mr. CRAWFORD. I know the gentleman is from a great agricultural State, Iowa, and represents a very distinguished district of farmers. You cannot get rope that is worth carrying home unless it is made of the strong fibers from the Philippine Islands. You can buy a piece of rope, but when you put a 1,500-pound steer or a 1,500-pound horse on the other end of a cheap rope you do not have a rope worth throwing toward the animal.

Mr. GWYNNE of Iowa. That may all be true; may I say to the gentleman, nevertheless, when we could not get that kind of rope the Navy was glad to get rope made of hemp grown in the Midwest.

Mr. CRAWFORD. That is the reason I say, in addition to what the gentleman said, let us not become dependent, because we will take care of the Philippines,

whether war or peace, and we might just as well let them produce some raw material and ship it to the United States.

Mr. MURDOCK. Mr. Chairman, the gentleman fom Wisconsin [Mr. KEEFE] and the gentleman from Iowa [Mr. GWYNNE] have just called our attention to a wartime substitute for the fiber which we have formerly imported from the tropics. In the Speaker's lobby, I have just examined the interesting and instructive display of hemp and the fiber processed therefrom under the program which was adopted during the recent war. It seems a shame that so much money was invested during the war in these processing plants which afterward sold for so little. It is another illustration of the wastefulness of war. However, we must have such fiber, and if it is no longer to be gotten from abroad, then we must—as in time of war—provide it at home, even at great expense. I have asked for this time that I may call to the attention of my colleagues another fiber possibility which we used slightly in wartime and which we may again want to use either in peace or in war.

I am thinking now of yucca fiber. Most of this is a hard strong fiber obtained from the leaves of the yucca plant, especially that known as Spanish bayonet, which grows over a vast area in the Southwest. There are various kinds of yucca, and one known as beargrass produces a soft fiber very much like the fiber used in making burlap. Since I became Congressman from Arizona, I have asked the Bureau of Standards to give us tests and measurements on rope, cord, twine, and the like made from both hard fiber and soft fiber obtained from desert vegetation. These tests were found to be remarkably good in comparison. Therefore, I cannot feel that anyone may properly speak of such fiber as inferior in quality or strength. There is no question about the utility of the fiber, nor is there any question about the usable quantity which may be obtained. The chief question is about the processing of it.

During the First World War, large quantities of yucca foliage were harvested from the desert areas of Arizona and shipped to East St. Louis for processing. So great was the need at that time, with foreign supplies shut off, that the high cost did not prevent the processing of this fiber. The method used for decortication was rather crude, and left much to be desired, but it did enable a considerable production to be had during the First World War. However, when the war was over and something like normal trade was resumed, the imported article could be obtained at much less cost than this home-made article. During the Second World War, certain men attempted to promote this industry, basing it on improved machinery and processes; however, very little was done in spite of the serious need. One inventor claims that he now has a cheap and effective method to process yucca leaves in mass production on what amounts to an assembly-line basis, and can produce it as cheaply as the foreign article can be had even in peacetime. I am not prepared to vouch for the accuracy of this claim, but I am inclined to give it credence. If it is true, the Nation's need for fiber for almost all industrial uses, including agricultural uses, may be taken from the desert areas of Arizona, California, New Mexico, Nevada, and Texas.

Since only the foliage of the yucca plant is used, and the plant itself is not cut or harmed, and since the foliage reproduces itself at short intervals, the yucca leaves can be harvested from a given area on a sustained-yield basis. This would make possible the location of processing plants in the center of a sufficiently large area to furnish the raw material on that basis.

The yucca plant is a very remarkable desert growth. It has mighty little utility for livestock men, but it has a variety of uses for supplying human needs. At the present moment we think of fiber as being the chief product, but there are several known byproducts which might ultimately become more valuable than the main product. The fiber has a great variety of uses, such as in rope, binder twine, cordage, and the like, but it has even more uses for packing, padding, and upholstering, to say nothing of being woven into fabric. It is thought that the soft fiber of the beargrass might be used for burlap for certain use in the manufacture of rugs and linoleum, and certainly for the use of bags and such containers. This is all dependent upon man's ingenuity and inventive ability to extract the fiber by machinery in mass production in a labor-saving way. Whether this great need is to be supplied from this new industry from the desert areas of the Southwest ought to be a matter of easy answer. I am glad to call it to the attention of the House today as a significant possibility at this critical time of shortage.

Mr. ANDREWS of New York. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed out of order for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS of New York. Mr. Chairman, I had little expectation that I would ever take the floor on this subject. I refer to the new balcony at the White House. I speak at the suggestion of a number of citizens and constituents who have visited Washington this spring, during the last 2 months, and all Republicans. I assume that all of you likewise have constituents who visit here, and they all seem to want to see the White House from the rear so they can see the balcony, of which they have heard so much.

It was the unanimous opinion of my friends, and I join with them now that the balcony is finished, that it is a fine job. One of these constituents was an architect. I think without any question it improves the general appearance of the White House from the south. It adds to the picture. It fills out a certain vacuum that was there with the columns alone. Furthermore, I understand it will save something through the years in money in the purchase of awnings, in view of the fact it will give some shade to the ground floor below.

I am very happy to make this little statement today on behalf the President's so-called project and compliment him on his good judgment in the architectural design approved and the nerve to go ahead and have the balcony built.

I am very glad to have this opportunity, on behalf of those of my constituents who were here, all Republicans, to say that we thoroughly approve it. As they said, "What a mountain they made out of a molehill."

The Clerk read as follows:

SEC. 2. This act may be cited as the "Supplemental National Defense Appropriation Act, 1948."

Mr. TABER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. O'HARA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6226) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1948, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. TABER. Mr. Speaker, I move the previous question on the bill and amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. KERR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. KERR. I am opposed to some features of it.

Mr. MARCANTONIO. Mr. Speaker, a point of order. The gentleman says that he is opposed to some features of the bill. My understanding of the rules is that the gentleman must be opposed to the bill.

The SPEAKER. The gentleman has stated that he is opposed to some features of the bill, and the Chair must interpret that to mean that he is opposed to the bill.

The gentleman from North Carolina qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KERR moves that the bill be recommitted to the Committee on Appropriations.

Mr. TABER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. TABER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 343, nays 3, not voting 84, as follows:

[Roll No. 45]

YEAS—343

Abbitt	Donohue	Kearney
Abernethy	Dorn	Kearns
Albert	Doughton	Keating
Allen, Calif.	Douglas	Kee
Allen, Ill.	Durham	Keefe
Allen, La.	Ellis	Kelley
Almond	Ellsworth	Kennedy
Andersen, H. Carl	Elsaesser	Kerr
	Elston	Kilburn
Anderson, Calif.	Engel, Mich.	Kilday
Andresen, August H.	Engle, Calif.	King
	Fallon	Kirwan
Andrews, Ala.	Fellows	Klein
Andrews, N. Y.	Fenton	Knutson
Angell	Fernandez	Kunkel
Arends	Fisher	Landis
Arnold	Fletcher	Lane
Auchincloss	Fogarty	Lanham
Banta	Folger	Latham
Barden	Foote	Lea
Barrett	Forand	LeCompte
Bates, Ky.	Fuller	LeFevre
Bates, Mass.	Fulton	Lemke
Beall	Gamble	Lesinski
Beckworth	Garmatz	Lewis
Bender	Gary	Lichtenwalter
Bennett, Mich.	Gathings	Lodge
Bennett, Mo.	Gavin	Love
Blackney	Gearhart	Lucas
Bland	Gillette	Ludlow
Blatnik	Goff	Lyle
Bloom	Goodwin	Lynch
Boggs, Del.	Gore	McConnell
Bonner	Gossett	McCormack
Bradley	Graham	McCowen
Bramblett	Granger	McCulloch
Brehm	Grant, Ala.	McDonough
Brooks	Grant, Ind.	McDowell
Brophy	Gregory	McGarvey
Brown, Ga.	Griffiths	McGregor
Brown, Ohio	Gwinn, N. Y.	McMahon
Bryson	Gwynne, Iowa	McMillan, S. C.
Buchanan	Hagen	MacKinnon
Buck	Hale	Mack
Buffett	Hall, Edwin Arthur	Madden
Burke		Mahon
Burleson	Hall, Leonard W.	Maloney
Busbey		Martin, Iowa
Butler	Halleck	Mason
Byrnes, Wis.	Hand	Mathews
Camp	Hardy	Meade, Ky.
Canfield	Harness, Ind.	Meade, Md.
Cannon	Hart	Merrow
Carson	Harvey	Meyer
Case, N. J.	Havenner	Michener
Case, S. Dak.	Hays	Miller, Calif.
Celler	Hébert	Miller, Conn.
Chadwick	Hedrick	Miller, Md.
Chapman	Hendricks	Mills
Chelf	Herter	Mitchell
Chenoweth	Heselton	Monroney
Church	Hess	Morris
Clason	Hill	Morrison
Clevenger	Hinshaw	Muhlenberg
Clippinger	Hobbs	Multer
Coffin	Hoeven	Mundt
Cole, Kans.	Hoffman	Murdock
Cole, Mo.	Holmes	Murray, Tenn.
Combs	Hope	Murray, Wis.
Cooley	Horan	Nicholson
Cooper	Huber	Nixon
Corbett	Hull	Nodar
Cotton	Jackson, Wash.	Norblad
Coudert	Jenison	Norton
Courtney	Jenkins, Pa.	O'Brien
Cravens	Jennings	O'Hara
Crawford	Jensen	Owens
Crosser	Johnson, Calif.	Pace
Curtis	Johnson, Ill.	Passman
Dague	Johnson, Ind.	Patman
Davis, Ga.	Johnson, Okla.	Patterson
Davis, Tenn.	Johnson, Tex.	Peden
Davis, Wis.	Jones, Ala.	Peterson
Dawson, Utah	Jones, N. C.	Philbin
Deane	Jones, Wash.	Phillips, Calif.
D'Ewart	Jonkman	Phillips, Tenn.
Dolliver	Judd	Pickett
Domengeaux	Karsten, Mo.	Poage
Dondero	Kean	Potter
Potts	Sasscer	Thomas, N. J.
Poulson	Schwabe, Mo.	Thomas, Tex.
Preston	Schwabe, Okla.	Tibbott
Ramey	Scoblick	Tollefson
Rankin	Scrivner	Towe
Rayburn	Seely-Brown	Trimble
Redden	Shafer	Van Zandt
Reed, N. Y.	Sheppard	Vinson
Rees	Short	Vorys
Reeves	Simpson, Ill.	Vursell
Regan	Simpson, Pa.	Wadsworth
Rich	Smathers	Walter
Richards	Smith, Kans.	Weichel
Riley	Smith, Ohio	Welch
Rizley	Smith, Va.	Wheeler
Robertson	Smith, Wis.	Whittington
Rockwell	Snyder	Wigglesworth
Rogers, Fla.	Somers	Williams
Rogers, Mass.	Spence	Wilson, Ind.
Rohrbough	Stanley	Wilson, Tex.
Ross	Stefan	Winstead
Russell	Stevenson	Wolcott
Sabath	Stockman	Wolverton
Sadlak	Sundstrom	Wood
St. George	Taber	Woodruff
Sanborn	Talle	Youngblood
Sarbacher	Teague	

NAYS—3

Isacson	Marcantonio	Powell

NOT VOTING—84

Bakewell	Gallagher	O'Toole
Battle	Gillie	Pfeifer
Bell	Gordon	Ploeser
Bishop	Gorski	Plumley
Boggs, La.	Gross	Price, Fla.
Bolton	Harless, Ariz.	Price, Ill.
Boykin	Harris	Priest
Buckley	Harrison	Rains
Bulwinkle	Hartley	Reed, Ill.
Byrne, N. Y.	Heffernan	Riehlman
Carroll	Holifield	Rivers
Chiperfield	Jackson, Calif.	Rooney
Clark	Jarman	Sadowski
Cole, N. Y.	Javits	Scott, Hardie
Colmer	Jenkins, Ohio	Scott, Hugh D., Jr.
Cox	Kefauver	
Crow	Keogh	Sikes
Cunningham	Kersten, Wis.	Smith, Maine
Dawson, Ill.	Larcade	Stigler
Delaney	Lusk	Stratton
Devitt	McMillen, Ill.	Taylor
Dingell	Macy	Thompson
Dirksen	Manasco	Twyman
Eaton	Mansfield	Vail
Eberharter	Miller, Nebr.	West
Elliott	Morgan	Whitten
Evins	Morton	Worley
Feighan	Norrell	
Flannagan	O'Konski	

So the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Cole of New York with Mr. Gordon.
Mr. Eaton with Mr. Gorski.
Mr. Hartley with Mr. Price of Illinois.
Mr. Dirksen with Mr. Colmer.
Mr. McMillen of Illinois with Mr. Keogh.
Mr. Jenkins of Ohio with Mr. Carroll.
Mr. Hardie Scott with Mr. Boggs of Louisiana.
Mr. Macy with Mr. Larcade.
Mr. Jackson of California with Mr. Whitten.
Mr. Bakewell with Mr. Heffernan.
Mr. Chiperfield with Mr. Rains.
Mr. Crow with Mr. Stigler.
Mr. Gallagher with Mr. Harrison.
Mr. Miller of Nebraska with Mr. Richards.
Mr. Scoblick with Mr. Dingell.
Mrs. Smith of Maine with Mr. Cox.
Mr. Taylor with Mr. Harris.
Mr. Riehlman with Mr. Rivers.
Mr. Ploeser with Mr. Byrne of New York.
Mr. Reed of Illinois with Mr. Delaney.
Mrs. Bolton with Mr. Sikes.
Mr. Cunningham with Mrs. Lusk.
Mr. Bishop with Mr. Mansfield.
Mr. Ross with Mr. Pfeifer.
Mr. Hugh D. Scott, Jr., with Mr. Battle.
Mr. Stratton with Mr. Morgan.
Mr. Devitt with Mr. Rooney.
Mr. Twyman with Mr. Eberharter.
Mr. Morton with Mr. Holifield.
Mr. Plumley with Mr. Feighan.
Mr. Vail with Mr. Evins.
Mr. Gillie with Mr. Manasco.
Mr. Gross with Mr. Harless of Arizona.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

WE ARE ENTITLED TO KNOW

Mr. HOFFMAN. Mr. Speaker, it has been well said that 1948 is America's year of decision. In this year will be decided the question of leadership which may affect our national future in a vital measure. Leadership to be chosen this year may well determine whether the United States of America, as we now know it, will continue to live as a nation of free men.

With that somber thought before us, I urge attention of every Member of Congress, every Representative of a congressional district in each one of the sovereign States, to the need of knowing not only the candidate who seeks elevation to leadership, but the backers of each candidate, what motivates them, and him.

Today we are viewing the returns from the second of two State-wide Presidential preference primaries in which major candidates for the nomination of the Republican Party for President went before the people.

The first was that in Wisconsin on April 6. As you all know, Harold Stassen, former Governor of Minnesota, won 19 delegates to the Republican National Convention, and Gen. Douglas MacArthur 8. Gov. Thomas E. Dewey, of New York, third competing candidate, won no delegates.

Examination of that primary's figures reveals that a change of from two to five votes in each of the election precincts in the State would have changed the entire picture.

The Nebraska primary of April 13 shows that Stassen, competing in a seven-man primary race, polled approximately 43 percent of the total vote cast as against approximately 35 percent polled by the second high man, Governor Dewey, of New York. Approximately 22 percent of the vote was spread among the five other candidates—Senator Robert A. Taft of Ohio; Senator Arthur H. Vandenberg of Michigan; General MacArthur; Gov. Earl Warren of California, and Speaker Joseph W. Martin, Jr., of Massachusetts—in that order of finish.

In that 22 percent of the total vote cast for other than the first two candidates in the Nebraska voting is the vote which may determine which of the seven candidates is the real choice of the people of Nebraska. It could elect either.

In both primaries the most cogent observation made is that a well organized, smoothly functioning political organization, working down to the level of the precinct, produced the narrow margin of victory—a 5-percent switch would more than cover a change of top rating.

This evidence of the results of a well-organized machine's ability to win is particularly true of primary elections where a comparatively small portion of the vote at the general Presidential elections in November turn out. Obviously, the fewer the total number of voters, the more effective is the voting of the organized body of voters in the working force of a machine.

Only the naive will say that political machines are not expensive.

Headquarters must be established and manned.

Vast quantities of campaign literature must be printed and distributed.

Radio time must be scheduled—and paid for.

Newspaper advertising must be provided—and paid for.

Halls must be provided for meetings.

Transportation must be provided, and housing accommodations, for speakers and their staffs.

The more extensive the organized political campaign, the greater the amount of money which must be spent.

It is no political secret that some men and certain groups of men, for various reasons, some selfish, some good, some bad, intensely interested in the election of Government leaders, contribute, directly or indirectly, to the campaigns of both major political parties. Under this system, no matter which party wins, these individuals or groups see a man elevated with whom they have favorable contact.

Existing laws provide means by which the voting public may be informed of the amounts of money spent for candidates for national office by all parties in the general elections.

No law provides any means by which the voting public may be informed of the amounts of money spent by candidates seeking party nomination at primaries or at State conventions, at higher than State level. No publication is required under existing law of the amounts spent nationally by candidates seeking party nomination for the office of President, Vice President, or Presidential elector.

Mr. Speaker, I believe that this question of financing of candidates for nomination to national or State office is something that every voter is entitled to know before that candidate is nominated. The financing of a candidate may well indicate the motivation of his backers.

Mr. Stassen, the winner in the Wisconsin and the Nebraska primaries, in each of which the smoothly functioning political machine backing Mr. Stassen has been a matter of press comment, has made a practice in his political meetings of opening up the closing periods of those meetings to questions from his audience.

I would like to ask Mr. Stassen, not from the floor of one of his meetings, but from this floor, a few pertinent, relevant questions. I hope that he will answer them as freely and as openly as he has answered other political questions during the last 2 years.

Question 1: In view of reports of the high cost of the Stassen campaign for Presidential nomination—some estimates ranging as high as $750,000—are you willing to state the aggregate amount made available to your campaign, and either spent or remaining available to be spent prior to the Republican National convention? You, or your headquarters, presumably know these amounts on both a national basis and on the basis of funds raised and used in your behalf by State organizations.

Question 2: Are you willing to name the contributors to your campaign funds, National or State, individual or group, whose contributions have exceeded $100? This figure is used because it is the figure on which treasurers of political committees are required to report to the Clerk of the House on contributions and expenditures in general elections.

Question 3: How many of the men active financially or politically in furthering your aspirations for the Republican Presidential nomination were active in the 1940 and 1944 campaigns of Wendell Willkie?

Question 4: How many financial contributors to your campaign for Presidential nomination are connected with international banking interests, or with the so-called big business groups, and with what groups?

I have heard reports, Mr. Speaker, that the aggregate of funds, contributed to National and State committees backing the Stassen campaign, may be as high as $750,000. I do not know that this is so, but if it should be as much as half of that amount I believe the voters of America should know it, and the names and business connection of those who provided the money.

There is no charge that it is illegal, or that it is wrong for individuals or groups seeking the election of a man they believe is a proper man, to provide that man with the necessary funds to put his qualifications before the voters.

But, Mr. Speaker, I contend that the same public accounting for contributions and expenditures for nominated candidates at general elections should also apply to the contributions and expenditures on behalf of candidates seeking nomination. The time for full publicity about backers and motivation is before two men are named by national conventions to go before the people. The time for publicity is not after nomination when the grass-roots voters may only make a choice between two.

Some members of the press, and some professional politicians, seem amazed at the strength shown by Mr. Stassen in Wisconsin and Nebraska. To those of us who are not politicians, there is nothing startling nor amazing in the result of the primary vote. While other candidates have been attending to their official duties, Mr. Stassen, footloose and fancy free, has been personally meeting the voters. To them he is a real individual. They have seen him; they have heard him; many of them have shaken his hand. They have listened to his pleasing generalities, and naturally, as every candidate for office knows, personal contact with the individual voter is the way to get his support. The people, however, are entitled to know just who, what interests, are back of Mr. Stassen. Some, before they vote for the selection of a Republican caindidate for the Presidency, would like to know whether he is an internationalist, whether the candidate thinks more of the interests of other countries than he does of those of our country. They would like to know whether he is supported by or is under obligation to so-called one-worlders or internationalists.

Mr. Stassen appears to be the kind of a young man who would not forget or ignore his friends and supporters. Everyone realizes that friendship creates obligations. Everyone knows that a man is influenced by those who assist him. And because Mr. Stassen—should he win the Presidential nomination and election—will undoubtedly be influenced by those who contribute to his campaign, either financially or in other ways, because he will undoubtedly surround himself, as do all successful candidates, with those who assisted him, the people, as a matter of right and fairness, should be advised by Stassen of the answers to the questions which are here most respectfully submitted.

EXTENSION OF REMARKS

Mr. JENSEN asked and was given permission to extend his remarks in the RECORD and include a speech by Maj. Gen. Ulysses S. Grant, III.

Mr. CROSSER asked and was given permission to extend his remarks in the RECORD on the subject of a world government.

Mr. GOODWIN asked and was given permission to extend his remarks in the RECORD and include an address by the Lieutenant Governor of Massachusetts.

Mr. SARBACHER asked and was given permission to extend his remarks in the RECORD and include an address recently delivered by Congressman PATTERSON, of Connecticut.

Mr. McMAHON asked and was given permission to extend his remarks in the RECORD and includes a resolution adopted by the Queens County Council of the Veterans of Foreign Wars.

Mr. SADLAK asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. BEALL asked and was given permission to extend his remarks in the RECORD and include an editorial from the Baltimore Sun.

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address by Henry T. Stichman. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost $337, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CONSENT CALENDAR

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Consent Calendar be called on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the committees in order on Calendar Wednesday next be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time to announce the program for next week. As has been indicated, we will meet at 11 o'clock on Monday. On Monday, as fixed by order, there will be a joint session commemorating the fiftieth anniversary of Cuban independence.

On Tuesday the Consent and Private Calendars will be called.

On Wednesday we expect to take up the bill S. 1641, known as the WAC-WAVE bill.

On Thursday the Condon resolution of inquiry will be considered.

The program for Friday is undetermined.

I think I should point out that additional rules which may be reported out of the Committee on Rules may be called up.

EXTENSION OF REMARKS

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in three instances, in one to include a radio speech and in the others some extraneous material.

THE LATE GEORGE EWING MARTIN

Mr. VORYS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Speaker, I rise to announce the passing of Judge George Ewing Martin, late Chief Justice of the United States Court of Appeals for the District of Columbia. He died last night here in Washington, at the age of 90. Born in Lancaster, Ohio, in 1857, he served 33 years on the bench, first as a common-pleas judge of the old seventh judicial district of Ohio, then, by appointment of three Presidents, as a Federal judge. He was appointed by President Taft to the Court of Customs Appeals in 1911; appointed by President Harding as Chief Justice of that court in 1923, and appointed by President Coolidge in 1924 as Chief Justice of the United States Court of Appeals, serving for 13 years until his retirement in 1937. He was of a distinguished line of lawyers who have carried on for over 100 years in Lancaster, Ohio. His father, John D. Martin, was a lawyer, beginning in the forties of the last century; his son, William K. Martin, now deceased, practiced in Lancaster, and his grandson, George Denman Martin, still carries on the great family tradition in Lancaster.

Judge Martin was my great-uncle, but the courtly, kindly man known always to me as Uncle George will go down in the history of this country's jurisprudence as an able, intelligent, and industrious judge, whose wisdom, scholarship, and fairness for over a third of a century in State and Federal courts dealt even-handed justice in hundreds of cases and helped to form and improve the principles of American law.

AIR DEFENSE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Speaker, the gentlemen on the Committee on Appropriations, as well as on the Aviation Policy Board, and the House in general will be glad to know that in a long distance telephone call I have just received from Mr. Thomas K. Finletter, who was chairman of the President's Commission on Air Policy, he congratulated the committee and the House for providing the additional amount of money for the Air Force. I am sure the House will agree with us, as well as with the President's Commission and the Congressional Aviation Policy Board that proper action was taken today to insure the United States of an adequate air defense.

EXTENSION OF REMARKS

Mr. LICHTENWALTER asked and was given permission to extend his remarks in the RECORD and include an editorial from the Allentown Chronicle.

Mr. McCULLOCH asked and was given permission to extend his remarks in the RECORD and include the winning essay in the contest sponsored by the American Legion of Ohio.

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD and include an article from the Chicago Herald-American of April 15, showing the Communist domination of the CIO Packing House Workers Union.

Mr. JOHNSON of California. Mr. Speaker, on yesterday I obtained permission to extend my remarks in the RECORD and include some extraneous matter. I am informed by the Public Printer that the extraneous matter exceeds the amount allowed under the rules and will cost $189.34. Notwithstanding, I ask unanimous consent that the extension may be made.

The SPEAKER. Notwithstanding the cost, and without objection, the extension may be made.

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. HOPE. Mr. Speaker, the gentleman from Indiana [Mr. GILLIE], the gentleman from Nebraska [Mr. MILLER], the gentleman from Texas [Mr. WORLEY], and the gentleman from Mississippi [Mr. WHITTEN] are absent today on official business in connection with the investigation of the foot-and-mouth disease, and for that reason were not present to vote on the appropriation bill which was just passed.

EXTENSION OF REMARKS

Mr. GAVIN asked and was given permission to extend his remarks in the RECORD and include a statement by Gen. Omar N. Bradley, Chief of Staff of the United States Army.

Mr. GEARHART asked and was given permission to extend his remarks in the RECORD and to include extraneous matter.

Mr. NORBLAD asked and was given permission to extend his remarks in the RECORD and include an editorial from the Tilamook News.

THE ITALIAN ELECTIONS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I hold in my hand a copy of the Boston Herald of April 8, 1948. The headline says "United States to buy Italian election." Now, nobody can ever accuse the Boston Herald of being either prolabor or even slightly liberal. Yet we have here an open and avowed admission and confession of what certain elements in these United States are trying to do under the name of preserving democracy in Europe.

I would like to know just what kind of democracy this is.

May I call attention also to a sentence in this same article, which reads as follows:

> Political methods similar to those once employed by the old Pendergast machine in Kansas City are to be used by the Truman administration in an effort to sway the April 18 elections in Italy away from the Communists.

This is not limited to just Truman and the Democrats. It also says:

> Dulles master-minds new "cold war" plan under secret agents.

So the bipartisan policy of war and depression for Wall Street monopoly is being carried out to an extent which our children and our children's children will look upon as a disgrace and a blot on the history of the great American people. And I am confident that the American people will respect the Italian people who refuse to be bribed.

EXTENSION OF REMARKS

Mrs. DOUGLAS asked and was granted permission to extend her remarks in the Appendix of the RECORD in five instances and to include certain extraneous matter.

Mr. DORN asked and was granted permission to extend his remarks in the Appendix of the RECORD and include a letter from the city clerk and treasurer of Greenwood.

Mr. HAYS asked and was granted permission to extend his own remarks in the RECORD.

Mr. McDONOUGH asked and was granted permission to extend his remarks in the Appendix of the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALMOND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ALMOND. Mr. Speaker, it is not an easy thing to voluntarily dissociate

yourself from membership in this the greatest parliamentary body on the face of the earth. However, I had rather go as a matter of volition than to be recalled, even though I have entertained no fear as to the latter in view of the overwhelming reassurance from my district.

I have enjoyed my brief service here. I have tried in my humble way, with what I considered becoming modesty, to represent a great district and to make my feeble contribution within the limitations of my meager talents to the cause of the greatest Nation on the face of the earth.

This is a great fraternity of men. At times we do not know Democrats from Republicans, because all of us, I am sure, endeavor to the best of our ability to represent that which is for the best interests of this Nation in a critical hour in world history. I go back to Virginia to serve my State as attorney general. No Virginian can be heedless to the call of his native State. I shall never forget and I shall ever treasure as a tender spot in the garden of memory the friendships I have made, the help and the cooperation I have received from both sides of the aisle; and if I had my way, although this statement may be considered as political heresy, with rare exception I would reelect so many in this body now to serve in the next Congress of the United States.

Let me say, Mr. Speaker, that your fairness, your devotion to duty, your impartiality, your determination to preside over this great body in keeping with the fine and high traditions which have been established by your predecessors have not only endeared you to both sides of the House but have endeared you to the American people. It has been an honor and a privilege to serve under the leadership of the present distinguished Speaker and an equal honor and privilege to serve under the leadership of the great statesman from Texas, the Honorable SAM RAYBURN.

Mr. HOBBS. Mr. Speaker, will the gentleman yield?

Mr. ALMOND. I am delighted to yield to my friend from Alabama.

Mr. HOBBS. Just a word to let you know that we respect to the full the sentiments that you have expressed. We love you, we love the district from which you come, not only because it sent us you but your predecessor, Cliff Woodrum, whom we knew so well, and therefore we loved your district even before you came, and we love it more now. We are so regretful that the good fortune of Virginia is made in having you to ascend the throne with single responsibility as her attorney general.

We wish you all Godspeed and the best of luck in everything wherever it may take you, and as long life as it makes you happy.

Mr. ALMOND. I thank the gentleman from Alabama.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. ALMOND. I yield to my distinguished friend from Michigan.

Mr. DONDERO. I wish to echo the sentiment expressed by the gentleman from Roanoke, Va., and say to the House that it was my privilege to speak in his home city. I learned there that he had endeared himself to the people of Virginia and to the district he represents just as he has endeared himself to the membership of this House on both sides of the aisle.

Mr. ALMOND. I thank the gentleman from Michigan.

Mr. REES. Mr. Speaker, will the gentleman yield?

Mr. ALMOND. I yield to the gentleman from Kansas.

Mr. REES. I, as chairman of the great Committee on the Post Office and Civil Service, wish to acknowledge the very splendid, outstanding, patriotic service on that committee by the distinguished gentleman from Virginia who has the floor.

Mr. ALMOND. I thank the gentleman from Kansas.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. ALMOND. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I have had the privilege of sitting on the gentleman's right in the great Committee on the Post Office and the Civil Service, and I want to tell him that in my heart the chair will always be vacant on the left.

Mr. ALMOND. Mr. Speaker, in closing may I quote those words from the King's Message:

> And I said to the man who stood at the gate of the year: "Give me a light that I may tread safely into the unknown."
>
> And he replied: "Go out into the darkness and put thine hand into the hand of God. That shall be to thee better than light and safer than a known way."

PRIVILEGES OF THE HOUSE

Mr. MICHENER. Mr. Speaker, as shown on pages 2266–2269 of the CONGRESSIONAL RECORD, of March 5, 1948, Mr. John Andrews, Clerk of the House, and Mr. Robert E. Stripling, clerk and chief investigator for the Committee on Un-American Activities, advised the Speaker in writing that each had been served with a subpena duces tecum issuing out of the District Court of the United States for the District of Columbia. These subpenas required each to appear before that court on the day named in the subpenas and to bring with them certain files, papers, and documents which are the property of the House and in the custody of, and under the control of, said Clerk of the House of Representatives and said clerk of the Committee on Un-American Activities.

Each of these clerks, recognizing the privileges of the House as established by rule and precedent, asked the Speaker for instruction as to what his action should be in the premises.

Said subpenas were returnable on March 8, 1948. However, the said court proceedings were adjourned until a future date and said clerks now ask for specific instruction concerning their responding to said subpenas duces tecum.

I am sure it is the purpose of the Speaker as well as the House to cooperate at all times with the courts of the land to the end that justice shall prevail. At the same time the privilege and the dignity of the House are involved, and these clerks, performing necessary duties in the functioning of the House, should not and cannot be required to respond to subpenas issuing from the courts at a time and in such manner as will interfere with the functioning of the Congress. The Constitution and the precedents heretofore established confirm this conclusion.

After consultation with the Parliamentarian and the Speaker, I present three privileged resolutions and I ask for their immediate consideration.

The Clerk read as follows:

House Resolution 540

IN THE HOUSE OF REPRESENTATIVES, U. S.

Whereas in the case of the *United States v. George Marshall* (No. 376–47, Criminal Docket) pending in the District Court of the United States for the District of Columbia, subpena duce tecum was issued by the Chief Justice of said court and addressed to Robert E. Stripling, clerk of the Committee on Un-American Activities of the House of Representatives, directing him to appear as a witness before the said court on the 8th day of March 1948, at 10 a. m., and to bring with him certain and sundry papers in the possession and under the control of the House of Representatives: Therefore be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That Robert E. Stripling, clerk of the Committee on Un-American Activities of the House of Representatives, be authorized to appear at the place and before the court named in the subpena duces tecum befo.e-mentioned, but shall not take with him any papers or documents on file in his office or under his control or in his possession as clerk of the Committee on Un-American Activities of the House of Representatives; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the papers and documents called for in the subpena duces tecum then the said court through any of its officers or agents have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House and take copies of any documents or papers in possession or control of said clerk of the Committee on Un-American Activities of the House of Representatives that the court has found to be material and relevant, except minutes and transcripts of executive sessions, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and papers by the said clerk of the Committee on Un-American Activities of the House of Representatives shall not be disturbed, or the same shall not be removed from their place of file or custody under said clerk of the Committee on Un-American Activities of the House of Representatives; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena afore-mentioned.

Mr. MICHENER. Mr. Speaker, I note that in the resolution reference is made

to the 8th day of March. That was the date these gentlemen were subpenaed to appear but the case, by agreement, was adjourned until a subsequent date. This resolution will permit these Representatives of the House to appear at such times as will not interfere with the work of the House.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MICHENER. Mr. Speaker, I offer another privileged resolution (H. Res. 541) and ask for its immediate consideration.

The Clerk read as follows:

Whereas in the case of the *United States* v. *George Marshall* (No. 367-47, Criminal Docket), pending in the District Court of the United States for the District of Columbia, subpena duces tecum was issued by the Chief Justice of said court and addressed to John Andrews, Clerk of the House of Representatives, directing him to appear as a witness before the said court on the 8th day of March 1948, at 10 a. m., and to bring with him certain and sundry papers in the possession and under the control of the House of Representatives: Therefore be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promoting of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That John Andrews, Clerk of the House, be authorized to appear at the place and before the court named in the subpena duces tecum before-mentioned, but shall not take with him any papers or documents on file in his office or under his control or in his possession as Clerk of the House; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the papers and documents called for in the subpena duces tecum then the said court through any of its officers or agents have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House and take copies of any documents or papers in possession or control of said Clerk that the court has found to be material and relevant, except minutes and transcripts of executive sessions, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and papers by the said Clerk shall not be disturbed, or the same shall not be removed from their place of file or custody under said Clerk; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena aforementioned.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MICHENER. Mr. Speaker, I offer a further resolution (H. Res. 542).

The Clerk read the resolution, as follows:

Whereas in the case of the *United States* v. *John Howard Lawson* (No. 1352-47, Criminal Docket), pending in the District Court of the United States for the District of Columbia, subpenas duces tecum were issued by the Chief Justice of said court and addressed to John Andrews, Clerk of the House of Representatives, directing him to appear as a witness before the said court on the 13th day of April 1948, at 10 a. m., and to bring with him certain and sundry papers in the possession and under the control of the House of Representatives: Therefore be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That John Andrews, Clerk of the House, be authorized to appear at the place and before the court named in the subpenas duces tecum before-mentioned, but shall not take with him any papers or documents on file in his office or under his control or in his possession as Clerk of the House; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the papers and documents called for in the subpenas duces tecum then the said court through any of its officers or agents have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House and take copies of any documents or papers in possession or control of said Clerk that the court has found to be material and relevant, except minutes and transcripts of executive sessions, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and papers by the said Clerk shall not be disturbed, or the same shall not be removed from their place of file or custody under said Clerk; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpenas afore-mentioned.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include a poll taken at the American University entitled "Opinionaire for Graduate Seminar in International Affairs."

Mr. MILLER of Connecticut asked and was given permission to extend his remarks in the RECORD.

PERSONAL ANNOUNCEMENT

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, in behalf of the gentleman from California [Mr. HOLIFIELD], who has been unavoidably detained en route from his district to the Capitol, may I say that he has wired me that he is in favor of an air force which in number and power should be superior to any air force in the world, and that if it were possible for him to be present at this time he would vote for this appropriation to strengthen our Air Force.

THE LATE PRESIDENT ROXAS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, a message has just been received stating that President Roxas of the Philippine Islands passed away very suddenly this afternoon. I feel that the Members of the House are interested in having this information.

It has been my privilege to know President Roxas for some 15 or 20 years and to work with him on many industrial matters pertaining to the interests of the people of the Philippines and the United States. I considered him one of the outstanding political leaders of the Philippines, a man of great ability in industrial, financial, and political fields. This news comes to me with a great shock. It will mean a tremendous loss to the people of the Philippine Islands. He was a man who could well be used in the reconstruction of the Philippine Islands as a result of the terrible war which occurred in the last few years.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. JUDD. I too am shocked and grieved by this sad news. I want to associate myself with what the gentleman from Michigan has said regarding President Roxas.

He was a man of extraordinary ability, industry, and forthrightness, and was doing an unbelievably good job in a most difficult situation. When the gentleman made this announcement I thought how similar is the situation in the Philippines to that when Abraham Lincoln was stricken down and Seward said, "God is in His heaven, and the Republic still lives." The Republic of the Philippines must live, too, and with increased and renewed support from the United States.

Mr. CRAWFORD. I thank the gentleman from Minnesota and join with him in the statement that the Philippine Republic must go ahead. I repeat what I said only a few moments ago on the floor, at which time I did not have this news, that the United States will continue to support the Philippine Republic in peacetime as well as in war.

The SPEAKER. Under previous order of the House, the gentlewoman from California [Mrs. DOUGLAS] is recognized for 30 minutes.

DR. CONDON

Mrs. DOUGLAS. Mr. Speaker, the reaction of the press to the attacks made by the Special Subcommittee of the House Committee on Un-American Activities against Dr. E. U. Condon, director of the National Bureau of Standards, is one of the most striking occurrences in my congressional experience. Irrespective of political leanings, the newspapers of this country, from East to West and North to South, have denounced the procedures and tactics used by this committee. Typical of the opinions expressed are these few phrases: "Punishment by publicity," "Trial by headline," "Government by suspicion," "Masterpiece of unfair innuendo," from such reputable journals as the New York Times, the Christian Science Monitor, and the New York Herald Tribune.

But the press of the Nation was not alone in its condemnation of the tactics and procedures in the attacks on Dr. Condon. A great body of citizens—leaders throughout the Nation—has expressed profound indignation at the treatment accorded this honored and distinguished scientist and American. Eminent individuals and important organizations have voiced their distaste for and censure of the conduct of the House Committee on Un-American Activities. Organizations and societies, individuals, and spontaneous meetings responded almost instantaneously and electrically to this unsubstantiated indictment and judgment of Dr. Condon.

REACTION OF NOTED SOCIETIES

Foremost among the organizations to express confidence in the integrity of Dr. Condon and speak out in protest against the action of the Committee on Un-American Activities was the American Physical Society, which had never in its long and distinguished history commented upon any public issue. The New York Herald Tribune, commenting on this action, reported on March 5, 1948:

The American Physical Society, in a move unprecedented for an organization devoted exclusively to the affairs of pure science, entered the field of politics yesterday with a letter vigorously assailing the actions of the House Committee on Un-American Activities in reference to Dr. Edward U. Condon.

The letter was addressed to the President and to Representative JOSEPH W. MARTIN, Jr., Speaker of the House. In content it was similar to others sent by organizations of scientists, such as a letter sent yesterday to the President by the American Association of Scientific Workers. The distinction between this message and those from other organizations lies in the fact that the American Physical Society prides itself on its aloofness from all matters except the intricacies of pure physics.

The letter was signed by the council of the society, headed by Dr. J. Robert Oppenheimer, director of the Institute of Advanced Study in Princeton, N. J., and president, as Dr. Condon was before him, of the American Physical Society.

"Stressing the confidence in Dr. Condon that led 6,000 of his fellow physicists to elect him to the highest post in their possession," continued the Herald Tribune, the American Physical Society addressed the following open letter to the President of the Senate, Senator ARTHUR H. VANDENBERG, and the Speaker of the House, Hon. JOSEPH W. MARTIN:

Dr. Edward Condon, whose loyalty has been attacked by a public report of the Subcommittee of the House Committee on Un-American Activities, is a colleague of ours. That we have every confidence in him as a scientist and as a man is shown by his election 2 years ago to the presidency of the American Physical Society. He has held positions of great responsibility and trust in industry, in universities, in several vital phases of the war effort, and in several branches of the Federal Government. All of these positions are marks of confidence on the part of people whose judgment cannot be ignored.

We are, of course, not qualified to evaluate the incidents which have been adduced as a cause for doubt of his loyalty. Should these incidents provide ground for such doubt they should be most carefully evaluated. Yet it is clear that the action of the subcommittee of the House Committee on Un-American Activities was not to evaluate such incidents or to resolve such doubt but to create a situation in which this would be most difficult. We have grave fear that their action will tend to frustrate efforts of the Government to avail itself of our scientific resources and will make difficult the collaboration between scientists and the Government, on which so much of our future depends.

Respectfully submitted by the officers and council of the American Physical Society.

J. R. Oppenheimer, President; Karl K. Darrow, Secretary; George B. Pegram, Treasurer; J. A. Bearden; J. W. Buchta; Karl T. Compton; Henry Crew; Lee A. Dubridge; Harvey Fletcher; F. W. Loomis; Theodore Lyman; Ernest Merritt; R. A. Millikan; P. M. Morse; I. I. Robi; Frederick Seitz; W. F. G. Swann; John T. Tate; Louis A. Turner; Merle A. Tuve; George E. Uhlenbeck.

Meanwhile the American Academy of Arts and Sciences, one of the most distinguished and venerable groups of scholars and professional men, with a history extending back to colonial times, studied the attacks and advised its members as follows:

To the Fellows of the American Academy of Arts and Sciences:

GENTLEMEN: A committee consisting of the undersigned has been appointed by the council of the academy to report to the fellows regarding the attack on Dr. E. U. Condon, fellow of the academy, and Director of the National Bureau of Standards, by the House Committee on Un-American Activities.

We have looked into the published information, consisting of the report to the full committee of the Special Subcommittee on National Security, of the Committee on Un-American Affairs; correspondence and press releases from the committee and the Department of Commerce; and an address and release to the press and radio by Congressman CHET HOLIFIELD, of California. These documents leave in our minds no doubt but that the committee has attacked Dr. Condon in the press, by the use of insinuation and innuendo, without producing valid evidence of disloyalty. The Secretary of Commerce takes the same view, and supports Dr. Condon's loyalty, as have the investigating agencies which have looked into his record.

The charges against Dr. Condon consist largely of statements that he has associated with certain diplomatic representatives of Poland and other eastern European countries; that he belongs to a certain American-Soviet Science Society; that he has made friendly speeches regarding Russian scientists; and that he has encouraged the interchange of scientific reports with Russia. They omit to state that the diplomatic representative most discussed was a member of the United Nations Atomic Energy Commission, and a fellow physicist, with whom Condon would naturally have scientific dealings; that the American-Soviet Science Society is an organization, sponsored by the Rockefeller Foundation, for the purpose of making reports of Soviet research available in this country; that the friendly speeches were made soon after the war, when a resumption of scientific relations between this country and the Soviet Union was desired generally by American scientists. One gets the impression, from reading the attack, that the House committee is interpreting a natural desire to share the results of scientific research internationally as evidence of disloyalty.

Such persecution of Government scientists can only result in a reluctance on the part of reputable scientists to take Government positions, at a time when effective Government science is of the greatest importance to the welfare of the country. We believe that the academy should go on record as opposing such methods. We propose the following statement of our position:

"The fellows of the American Academy of Arts and Sciences condemn the un-American procedure of the House Committee on Un-American Activities in publishing in the public press charges of disloyalty against Dr. E. U. Condon, on evidence which clearly appears inadequate, and without giving him an adequate opportunity to present his case."

P. W. BRIDGMAN,
Professor of Mathematics and Natural Philosophy, Harvard University.
E. M. MORGAN,
Professor of Law, Harvard University.
J. C. SLATER,
Chairman, Professor of Physics, Massachusetts Institute of Technology.

In a statement signed by Dr. Albert Einstein and Nobel prize winner Dr. Harold Urey, the Emergency Committee of Atomic Scientists charged the Committee on Un-American Activities with a disservice to the United States in its attack upon Dr. Condon. The New York Herald Tribune summarized the statement of the group as follows:

The attack can have as a result only the effect of making it increasingly difficult for the United States Government to obtain the services of able scientists, the statement said. The committee asserted also that the clearance issued by the Department of Commerce after an investigation of Dr. Condon's loyalty has made it unnecessary for us to enter into a discussion of the merits of the case.

On March 20, 1948, the 3,000 members of the American Societies for Experimental Biology, consisting of five leading scientific societies—the American Physiological Society, the American Society of Biological Chemists, the American Society for Pharmacology and Experimental Therapeutics, the American Institute of Nutrition, the American Association of Immunologists—adopted resolutions deploring the actions and procedures of the Congressional Committee on Un-American Activities as inimical to the Nation's good. Typical of these resolutions was

that of the American Physiological Society which stated:

Publicity given to accusations and insinuations against the loyalty of scientists and other citizens before full collection and evaluation of the evidence not only does great personal injustice, but also defeats the very purpose for which that House committee was established; for the effect of such attacks is to discourage loyal scientists and other citizens from entering Government service, to distract and intimidate many now in service and to interfere with the effectiveness of their work.

In the city of Pittsburgh, two outstanding organizations—the Association of Pittsburgh Scientists and the Physical Society of Pittsburgh joined—in protest. The Pittsburgh Post-Gazette summarized their protest on March 5, 1948:

The Association of Pittsburgh Scientists sharply criticized the House Committee on Un-American Activities Thursday for publicly questioning the loyalty of Dr. Edward U. Condon, noted atomic scientist and head of the National Bureau of Standards.

Joining with the association, the Physical Society of Pittsburgh also verbally spanked the congressional investigating committee and asked President Truman to rebuke the House group.

* * * * *

Dr. R. H. McCoy, chairman of the association's executive committee and a University of Pittsburgh biochemist, added this comment: "Dr. Condon is an outstanding scientist of unquestioned loyalty." The Committee on Un-American Activities has no evidence to the contrary.

The Physical Society's message to President Truman, drafted at a meeting in the Mellon Institute Thursday night, said that as colleagues of Dr. Condon, a former president of our society, we know how absurd are the (committee's) charges.

At the annual conference of the American Society for Public Administration, Dr. Charles E. Merriam, professor emeritus of political science at the University of Chicago, denounced the "stream of bitter, smearing attacks, which do not tend either to improve the morale of the service or promote attachment to the Government. Indiscriminate baiting of public servants stands across the way of the finest type of service and the liveliest forms of allegiance to the common good. It tends to drive men away from the public service without which the Nation cannot live."

The executive committee of the Atomic Scientists of Chicago asserted on March 2, 1948, that "attacks of this nature on a distinguished scientist will increase the Government's difficulty in obtaining the services of able scientists. If, as a result of such attacks, Dr. Condon should perchance resign his directorship of the Bureau of Standards in disgust, it is unlikely that the Government could find a successor of comparable talent and standing."

Another distinguished organization, the Federation of American Scientists, according to the New York Times on March 4, 1948, accused the Committee on Un-American Activities of destroying the good name of a distinguished American physicist of demonstrated integrity and patriotism. Prof. Robert E. Marshak, who issued the statement on behalf of the federation, denounced the subcommittee's evidence as specious and unfair to a true representative of American scientists, who during World War II played a prominent role in the development of radar and the atomic bomb, which contributed so materially to Allied victory.

These are only a few of the societies and established organizations which protested the attacks. There were many others, including church groups, legal associations, civil liberties groups, and other public-interest organizations. Meanwhile many spontaneous meetings of protest, by unorganized individuals, took place.

SPONTANEOUS MEETINGS OF PROTEST

On March 11, 1948, 200 leading scientists met in the city of New York to discuss the attacks on Dr. Condon. They unanimously adopted the following resolution:

1. Our protest arises from proceedings instituted by the so-called Thomas Committee in the case of Dr. Edward U. Condon, Chief of the Bureau of Standards of the Department of Commerce, formally cleared by the Department's loyalty board. This irresponsible attack has injured the reputation of a foremost scientist by innuendoes, rumor, and half truths. It has thereby adversely affected the national welfare by demonstrating to scientists that employment in vital scientific activities of the Government may expose them to similar intimidation and abuse.

2. Dr. Condon enjoys a reputation of such high standing among all his scientific colleagues and the general public that any suggestion of disloyalty coming from any source should be indignantly repudiated. The attack upon him illustrates the utter ignorance and the irresponsibility of the Thomas Committee.

* * * * *

4. We commend Secretary of Commerce Harriman's decision not to surrender the confidential documents on which the departmental loyalty board's conclusion was based.

5. The recent performances of the House Committee on Un-American Activities forces the conclusion among fair-minded people either that its irresponsible procedures should be curtailed, or failing that, the committee should be abolished as a threat to the liberties of the American people.

At this meeting Dr. Wendell Stanley, noted for his research on virus and winner of the Nobel prize, made the following statement:

It is a tragic and horrible spectacle when a group of men are engaged industriously and almost savagely in the destruction of the very thing that they shout from the housetops they are seeking to defend. Every right-thinking American favors effective and vigorous measures, especially in this time of tension, to protect the security of the Nation, whether by Congress or by other departments of Government, and most scientists are willing to work under such measures, but the methods of the Thomas committee, involving public smears and character assassinations by means of insinuation and the principle of association, do not aid the security of this Nation, for such methods will drive desperately needed scientists from Government service. The Thomas committee is actually destroying the very thing it professes to defend, and it should be abolished or its methods modified drastically. Let the administration and Congress work out the best possible security measure, and let there be an end to this public demonstration of conflict, and above all let us in this country see no more use made of the methods which have become the mark of the Thomas committee. In these times there is a paramount need for able scientists in Government service, and we cannot afford the penalty which will result from a continuation of the methods employed by the Thomas committee in the case of Dr. Condon.

Dr. Frank B. Jewett, recently retired president of the Bell Telephone Laboratories of the American Telephone & Telegraph Co., past president of the National Academy of Sciences, and one of the leading Republicans in the State of New Jersey, wired the emergency meeting:

Cannot attend Condon meeting tonight. Without regard to merits of this case, I strongly object to measures of House Committee on Un-American Activities in publicly condemning reputable American citizens without affording them opportunity to know specific charges or disloyalty and to answer same. You may record my views.

Archibald McLeish, famed writer and former Assistant Secretary of State, addressed the emergency meeting, declaring:

The action of the House of Representatives in doubling the appropriation of its Committee on Un-American Activities in the face of damaging and unanswered criticism of the committee in the press, on the floor of Congress, and among the citizens of the country, is a challenge to American opinion which will have to be met. It must be met, however, seriously and soberly and without the recourse to personal disparagement which has characterized the committee's public statements. It is not the personality of Congressman THOMAS—or the personality of Congressman RANKIN or the personality of Congressman Dies—which makes the committee an object of concern to all who know the American past and believe in the American future. It is the damaging effect of the committee's methods on American institutions and the American form of society. Specifically, it is the danger—the very real and present danger—that the committee's conduct will undermine the defenses of individual liberty in the last great stronghold of that liberty—the United States—and betray the American cause, whether knowingly or not, to its most formidable enemy.

The essential struggle of our time is obvious to all of us. It is the struggle between the police state and the citizen state, between government by terror and government under law. The reason why the American people fear Russia and detest communism is that Russia is a police state and communism, wherever communism has come to power, is government by terror. The reason why the American people believe in the United States, and trust the American form of government, is that the United States is a citizen state, and the American Government a government under law.

To maintain the citizen state against the police state, which is its present, and often successful, rival, it is essential at any cost and by every means to maintain the principle and practice of government under law. Only through government under law can the citizen be free to rule himself. The moment government by terror is substituted in any form or over any area, the wooden horse, has been introduced into the walls, and the city is in danger. Government by terror is an insidious and deadly thing. It infiltrates a society, house by house, and street after street, as the men from the wooden horse took Troy. It silences those who oppose it. It closes their mouths, either through force or fear. And in the end, as we ourselves have seen in Russia and in Bulgaria and now in Czechoslovakia and Greece and before in Italy and Germany, it has no opponents. They have disappeared. They are silent—silent or dead but in any case silent.

There are many forms, moreover, of terror: not all of them visible to the eye in automatic rifles, lengths of rubber hose and the more refined instruments of the secret police. Men can be silenced, silenced or discredited but in any case silenced, by defamation. They can be driven out of the public service, or rendered useless to the public service, not by constitutional processes and procedure, but by the publication of discreditable and unverified innuendoes about them in the press, or in that part of the press which is willing to print material of this kind. They can even be driven out of private employment by vilification and disparagement without hearing or proof and their means of livelihood destroyed. They can be disposed of, to all intents and purposes, as completely, and quite as brutally, by defamation as by force. Indeed, to the man who respects himself and his good name and the opinions of his fellow citizens, to the man of honor, that is to say, and the man of sensibility, liquidation by calumny is far more deadly than any other form of public injury.

Let there be no doubt about it—to use public vilification as an instrument of government is to use terror as an instrument of government, and to use terror as an instrument of government is to strike directly at the fundamental American institution—the liberty of the individual under law. What troubles men who have studied the Government of this Republic and who know the tradition out of which it came and who believe that the great American dream of individual liberty can even yet be realized in this world—what troubles men of this kind as they watch the conduct of the House Committee on Un-American Affairs is the growing suspicion that that committee has little understanding of the American tradition and no conception whatever of the disastrous consequences of a policy of government by disparaging publicity.

Certainly the committee has little understanding of government under law. Neither the law which shapes the legislative branch of the Government to which the committee belongs, nor the law which shapes the judicial branch, the powers of which the committee sometimes usurps, is respected in its hearings. As a committee of the legislative branch, the Thomas group exists to advise the House on legislation—which is the House's business. There is little evidence in its hearings that this duty has ever suggested itself to the committee's membership. As a committee arrogating to itself the functions of the FBI and judicial functions which the House—with limited exceptions named in the Constitution—does not possess, the committee might be expected to observe the basic safeguards of individual liberty which are respected by the American police and by American courts at all levels. These safeguards the committee does not respect. It acts regularly as prosecutor and judge, in some cases announcing its judgments even in advance of prosecutions, in articles written by committee members for popular magazines. It has denied those summoned before it the right to be confronted by their accusers, to call witnesses or to be represented by counsel. And it has taken full advantage of the parliamentary immunity of its members to deprive those whose reputations it attacks of relief through suits for libel, while at the same time spreading its allegations and innuendoes over the less self-respecting sections of the press. In brief, it has used the fiction that it is acting as a legislative committee—though it does not act as a legislative committee—to justify its failure to observe the most primitive decencies of a judicial body—which, in fact, and certainly in effect, it presumes to be.

In Washington, the Evening Star of March 20, 1948, reported that an audience of 600 persons attended a meeting on the preceding evening, sponsored by the Washington Association of Scientists, devoted to an examination of the attacks on Dr. Condon and their implications. Dr. D. R. Inglis, professor of physics at Johns Hopkins University, addressed the group on the subject The Present Crisis in American Science:

I do not think it necessary for me to discuss the absurd charges which have been leveled at Dr. Condon during the last year: These ridiculous attacks have already been ably and keenly dissected by Congressman CHET HOLIFIELD in his addresses to the House of Representatives on July 22, 1947, and March 9, 1948, while editorials and radio programs like the one we have heard tonight have aptly summed the story.

There are, however, far-reaching implications to these attacks, implications of which the Nation should be aware: First, those pertaining to science and scientists and the contributions of scientists to the national welfare, and, second, those pertaining to the constitutional liberties of all citizens. As a scientist and as one who has spent his life with scientists, I propose to consider those implications with respect to science, and the crisis which public misunderstanding and abuse bring to American science.

Let us consider what these attacks mean to the Government and its enormous scientific research program at the present time. I do not think it an exaggeration to say that the very possibility of such attacks, such techniques of character assassination, such procedures of "Punishment by publicity" (as the New York Times puts it), mean that scientists and engineers are going to be very reluctant to enter Federal research agencies. This will be particularly true of the abler men.

Enormous harm in this respect has been inflicted by this one attack. Further unwarranted attacks can stifle Government research completely. Unfortunately, there is no evidence that the committee which has attacked Dr. Condon is going to be content with him as the only sacrificial lamb. On the contrary, the witch hunt might even be extended to embrace all scientists as a class. I do not believe, therefore, that even the direct implications of these attacks extend only to scientists in Government. The Government is now engaged in extensive research programs carried on under contract by universities and industry. The scientists here too will inherit the conditions imposed on those actually in Federal service; and, again, scientists will be reluctant to risk their reputations in such situations. It is only a reasonable inference that in the end even those scientists not engaged in Federal research, whether in the Government or under some contractual relationship, will be enmeshed.

The net effect will be simply this: The Government will find it impossible to attract good men for Federal work, whether the relationship is direct or indirect.

Let us, for the sake of a working hypothesis, accept the premise that short-range national security depends on military strength. That, and even more than that, is the contention of the Government; and its present policies are based on this assumption. The question then becomes: what do we mean by military strength? With each succeeding war we have seen that the percentage of our forces actually engaged in combat has decreased. Thus, in the last war only a very small portion of our total forces ever saw actual combat. At the same time, the products of science and technology have played increasingly greater roles. I need only mention radar, the proximity fuze, the atomic bomb and its role in the submarine war as recent decisive contributions of science. So it is apparent that military strength now means the applications of science and technology rather than the mere deployment of vast bodies of infantry.

Therefore, if Congress and the Government are aware of this real meaning of military strength, Congress and the Government should take prompt steps to remedy this situation which is driving and threatens to drive scientists from its service.

Very often the scientist has been looked upon as a gabby, garrulous creature anxious to spill the beans: this is nonsense. Scientists recognize that security measures are inevitably necessary; what they often complain of is an unnecessary amount of such measures in those zones where it is, first, meaningless and, second, actually harmful to use.

Congress and the public must recognize that the truths of science, the laws of nature, are accessible to scientists the world over; it only requires time and diligence. Now, we can handicap our own research by insisting on such security regulations in the dissemination of information that are unrealistic. Moreover, we can hamper our application of the discoveries of research if those results are not incorporated into our technology. For these reasons, scientists have been properly zealous of the needs of the Nation in pointing out the dangers of meaningless restrictions on the dissemination of information.

The remarkable phenomenon of this period is the unwarranted suspicion of scientists. I would like to make two comments on this subject. First, the scientists have demonstrated that they know how to keep secrets. You may remember that long before the scientists were able to interest the Government in the atomic bomb, they imposed of their own accord a successful program of secrecy on their developments in this field. Nothing leaked during that period, and at last the scientists, led by two foreign refugees, convinced the President of the importance of the program, and nothing has leaked from our scientists since then either.

Second, I would like to point out that it is not only scientific matters that are important from the secrecy-of-information point of view. Since the discoveries of science can be made by scientists anywhere—and usually are in different parts of the world within short periods—the unenlightened public has been goaded into an undue apprehension over such matters. On the other hand, political decisions and secrets, whether national or international, can in principle be controlled, and these are in some ways more important. Yet very few days pass by without the disclosure—I should say leak—of some such matter from some statesman to some columnist.

One of the cardinal difficulties in the relationship of scientists to the Government and Congress lies in the fact that the latter, as well as the public, do not understand the nature of research or the methods of the scientist. These are matters that are exceedingly difficult to people without scientific training. Witness the difficulty of obtaining appropriations for Federal research—in contrast to, say, the relative ease with which the House Committee on Un-American Activities obtained a doubling of its appropriation. The latter was simple: the smearing of Dr. Condon got the committee headlines. Research is a quiet working of trained minds and its problems are difficult to formulate in one-syllable headline words; such stuff doesn't hit the headlines.

It is unfortunately easier to convince an American that a scientist is a valuable individual to have around in war than in peace. The contributions of science to war are well known. To see that science is valuable in peace, you must consider that our industrial technology is nothing more than an application of science; obvious though this is, I do not believe that Congress knows this, judging by its conduct. Most Congressmen might agree that the pure research of fifty

or a hundred years ago was a fine thing—it runs our industry today. That pure research was done because scientists then loved knowledge for its own sake.

Think of Michael Faraday, for example, one of dozens of natural philosophers of his day. Faraday was impelled by his curiosity to find out more about the strange behavior of wires with electric currents in them, with no idea that there would be electric locomotives and cities lighted by electric currents as a result of his findings. It is just as important that we let the present scientists seek knowledge for its own sake. Without that incentive, ideas important to our future material welfare would be missed.

Scientists have developed powerful intellectual procedures for seeking answers about how nature works. And they take the trouble to do it because they are curious about how nature works. They develop machines, they develop mathematical methods. But I think it is much more important that they develop a peculiar sort of imagination necessary for this thing called science and research. A man who is not curious about nature but wants only to solve a technical problem can learn about the machines or devices after they have been invented; he can learn the mathematical methods. But I believe that only a scientist curious about the secrets of nature ever develops the kind of imagination necessary to lead on into new fields of investigation with the peculiar agility that has characterized the contributions of great scientists in the past—haphazard contributions to the knowledge and happiness and comfort and scope of mankind. And, by the way, Dr. Condon is one of these rare and unusual, imaginative, and inspiring scientists.

It is possible through formal training to provide men capable of using the techniques of science and capable of talking the language of science. It may always be possible for the Government to hire enough trained men to do routine scientific work and to administer routine projects—perhaps even in spite of witch hunts. But the man who is hard to find is the man with imagination—the man who will do a superlative job leading to something new. These are the men we won't have if the smearing continues.

How is it possible to get scientists to work on developments needed by our Government? First, scientists must be developed—and this means serious attention to our educational system from the grade schools and the high schools, through the college and university levels. This must mean less emphasis on play and more incentive for hard work and really deep study, at least for some selected young people. This would provide a future supply. But how about now? How do we get first-rate mature scientists to work for the Government? Well, paying them more adequately would help some. But the best scientists cannot be merely purchased: They are too curious about the way nature works to sacrifice all scientific opportunities for research for salary alone. They must be given opportunities to do interesting research under conditions suitable for research. Perhaps this is the crux of the matter: the other factors are necessary, but even with them the lack of proper conditions dooms the Government to failure. The proper conditions include freedom from suspicion; freedom from mistrust; freedom from the insecurity that follows on the heels of slander from Congressmen interested only in headlines and forgetful of the Nation's genuine welfare.

Should we then slap the scientists down with unproved and malicious slander as soon as they attain positions of public prominence? Mr. THOMAS and his committee must learn that this is not the way to keep good scientists working for the Government. It is not the way to attract our able young men into the ranks of science for the future greatness of America. America needs the ablest young men the country can produce, now that we can no longer count on continuing to import brilliant Europeans to fill our scientific ranks.

Consider again the objectives and policies of our Government. The present program of opposing Soviet expansion involves military developments, and these bring with them a very real problem of minimizing Soviet espionage. The problem is one that must be faced soberly and solved by genuine diligence and patience. It seems inevitable that this means some limitations on the freedom of those working on these military developments. Reasonable limitations need not interfere seriously with the work to be done nor with the quality of the worker who can be obtained. But attacks of the kind made on Dr. Condon serve only to make much more difficult the real problem. In those attacks there is no evidence; there is nothing but name-calling by innuendo and association. * * * This amounts to a sabotage of the real problem, by an unwarranted and unjustified smearing of a loyal and honored scientist. This has served to delay our Nation's military preparations, by demoralizing the bulk of our scientists—not only those in Government, but throughout the Nation. Even more important in the long run, it has served to undermine the prestige of science and will serve to destroy the quality of our scientific work and reduce general welfare in the coming years.

PROMINENT INDIVIDUALS PROTEST

Such meetings of groups as those above were typical of many throughout the Nation. Meanwhile, nationally known citizens registered their indignation publicly.

In Princeton, a group of leading scientists met and formulated their opinions in a telegram to the Secretary of Commerce on March 3, 1948:

We are profoundly disturbed by the recent charges made against Condon as reported in the press. Condon was a respected member of the department of physics here at Princeton from 1928 to 1929 and from 1930 to 1937, and we considered his departure a serious loss to our staff. Neither in that period nor in the years since have we had any reason to question his loyalty or to lower our opinion of him as a scientist or as a man. From long association with him, both personal and professional, we are convinced that he is completely loyal to the United States, and we believe that the Government is fortunate in having such an able and public-spirited physicist as Director of the Bureau of Standards. We hope that you will welcome this expression of our opinion.

Luther P. Eisenhart, Emeritus Professor of Mathematics; Henry D. Smyth, Chairman, Department of Physics; Solomon Lefschetz, Chairman, Department of Mathematics; Walker Bleakney, Professor of Physics; Rudolf W. Ladenburg, Professor of Physics; Allen G. Shenstone, Professor of Physics; Albert W. Tucker, Professor of Mathematics; John A. Wheeler, Professor of Physics; Milton G. White, Professor of Physics; Samuel S. Wilks, Professor of Mathematics; Eugene P. Wigner, Professor of Mathematical Physics.

Dr. A. N. Richards, dean of the University of Pennsylvania Medical School and president of the National Academy of Sciences, declared on March 3, 1948:

The colleagues of Dr. Condon in the National Academy of Sciences have the utmost confidence in his complete integrity and his loyalty.

Dr. L. C. Dunn, professor of zoology at Columbia University and a member of the National Academy of Sciences, summed up his opinions on the subject in the final paragraph of a letter to the editor of the New York Times on March 3, 1948:

The conclusion to which most sensible people must come after reading of the attack on Dr. Condon is that the Committee on Un-American Activities must be restrained or abolished before it does irreparable harm not only to the reputation of a fine scientist who is serving his country well but to the whole future of science in the United States.

Dr. Walter Rautenstrauch, professor emeritus of industrial engineering at Columbia University and former vice president and general manager of the Liberty Yeast Corp., and vice president of the J. G. White Management Corp., described, on March 11, 1948, Dr. Condon as "very far from being anything but a real, loyal American. I don't think there's any conviction on the part of the Thomas committee that Condon is a subversive person," Dr. Rautenstrauch said.

In the April issue of the Bulletin of the Atomic Scientists, Dr. S. K. Allison, professor of physics, consultant to the National Defense Research Committee, and director of the institute for nuclear studies at the University of Chicago, wrote:

As this issue of the Bulletin goes to press, the latest denunciation by the House Committee on Un-American Activities is a leading feature of the news. A subcommittee has branded Dr. E. U. Condon, head of the National Bureau of Standards, as "one of the weakest links in our atomic security," and demanded that W. Averill Harriman, Secretary of Commerce, either call for his resignation or present a statement "setting forth the reasons" why he is kept in office. In a preliminary reply, Mr. W. C. Foster, Under Secretary of Commerce, has pointed out that only recently the loyalty board of the Department considered Dr. Condon's case and found that "no reasonable grounds exist for believing that Dr. Condon is disloyal to the Government of the United States."

The charges brought against Dr. Condon in the subcommittee's report seem to me, a layman in legal matters, to constitute defamation of character by innuendo. The report contains reckless statements such as the following one concerning the activities of Communists in this country: "They have gotten pretty far, because they got a man as Vice President of the United States, and he is now their candidate for President." This suggestion that the handful of Communists in this country planned and accomplished the election of Mr. Wallace to the Vice Presidency is more suitable to a campaign speech than a written committee report.

In the same vein, Dr. Condon by inference is accused of a crime which carries the death penalty if transmission of atomic "secrets" is involved. It is recommended that the attention of the President be called "to the fact that the situation of Dr. Condon is not an isolated one, but that there are other Government officials in strategic positions who are playing Stalin's game to the detriment of the United States."

Nothing in the evidence presented, consisting of items such as alleged association with personnel of the Polish Embassy, conferences with foreign scientists, application for a passport to visit Russia, and membership in the Rockefeller Foundation sponsored American-Soviet Friendship Society could possibly support so grave a charge, and, assuming good faith, one could only conclude that the subcommittee report was written in a state of hysterical irresponsibility.

To me, having known Dr. Condon for many years, his simple statement that the charges are untrue is sufficient. His alert and critical intelligence, his appreciation of wit and good conversation, lead him to associate with people of similar tastes, with no consideration given to social or class distinctions. All of us have recently met and enjoyed conversation and discussion with foreign scientists visiting us. In my experiences, it has been invariably true that the visitor realized that certain questions could not be answered, and carefully avoided embarrassing me by asking them.

The Japanese were amateurs at supervising the lives of their citizens. There the terror consisted in denunciation of persons for dangerous thoughts. We have, in addition, dangerous acquaintances and dangerous dinner parties.

Treason is a crime abhorrent to everyone. It is specially reprehensible in a democracy where there can be criticism of the Government by those who believe its policies are wrong, and public opposition may be conducted without fear of reprisal or question of loyalty. Charges that such a crime has been committed should not be made in the manner we are now witnessing.

Dr. Condon should obtain legal counsel and, under the law, seek what redress he may for the harm that has been done him.

The attacks on Dr. Condon were recognized by distinguished Americans as long ago as last year. Six of the Nation's best-known leaders in science—four of them winners of the coveted Nobel prize—protested to the New York Times and to Science, official publication of the American Association for the Advancement of Science, which has a membership of approximately 50,000. These, Dr. Irving Langmuir, associate director of the General Electric Corp.'s Research Laboratories; Dr. Wendell M. Stanley and Dr. Duncan MacInnes, of the Rockefeller Institute for Medical Research; Dr. I. I. Rabi and Dr. George B. Pegram, of Columbia University; and Dr. Harold C. Urey, of the University of Chicago, wrote:

We wish to register a protest against two recent articles by Representative J. PARNELL THOMAS, of New Jersey, chairman of the Congressional Committee on Un-American Activities. These are: Russia Grabs Our Inventions (American Magazine, June) and Reds in Our Atom Plants (Liberty, June 21).

Mr. THOMAS' articles are inaccurate to the point of absurdity. Thus, in one, he says that the National Bureau of Standards tests patents, which will be news to the Bureau and the Patent Office. Nevertheless, his attacks on the patriotism and honesty of American scientists are bound to be taken seriously by many people and will do harm.

We are particularly aroused at the treatment accorded Dr. Edward U. Condon, Director of the Bureau of Standards, who, by inference and innuendo, is made to appear engaged in reprehensible and subversive activities.

Dr. Condon is a distinguished scientist, the director of a great national institution, a former president of the American Physical Society, sometimes adviser to the Senate on matters concerning atomic energy, and a former associate director of the Westinghouse laboratories. By no stretch of the imagination is he a Communist or an unloyal American.

Mr. THOMAS especially attacks Dr. Condon for his membership on the board of directors of the American-Soviet Science Society. This organization, which has received a grant from the Rockefeller Foundation, is in no way connected with any pro-Soviet agency. It exists solely for the purpose of furthering international exchange of scientific information (something scientists everywhere favor), particularly by making Russian scientific papers available in English.

Mr. THOMAS furthermore plainly implies that Dr. Condon is dodging testifying before the Thomas committee. Dr. Condon, however, can hardly be an unwilling witness, since he has never been invited to testify, although he was visited in March by two of the committee's investigators, with whom he cooperated completely.

One of the most distinguished and famed Americans, a scientist, an engineer, a business executive, and a prominent Republican, is Dr. Frank B. Jewett. It is worth noting some of the positions which Dr. Jewett has held in his long and brilliant career in American science, business, and engineering:

Transmission engineer, American Telephone & Telegraph Co., 1904–12.

Assistant chief engineer, Western Electric Co., 1912–16.

Chief engineer, Western Electric Co., 1916–21.

Vice president and chief engineer, Western Electric Co., 1921–22.

Vice president, Western Electric Co., 1922–25.

Vice president in charge of development research, American Telephone & Telegraph Co., 1925 until his recent retirement.

President of the Bell Telephone Laboratories of the American Telephone & Telegraph Co., 1925–40.

Chairman of the board, Bell Telephone Laboratories, 1940 to the present.

Vice chairman of the Engineering Foundation, 1921–25.

Chairman, Division of Engineering and Industrial Research, National Research Council, 1923–27.

Member, National Defense Research Committee, Office of Scientific Research and Development, 1941–47.

Trustee, Carnegie Institution.

Trustee, Princeton University.

Member of the Corporation, Massachusetts Institute of Technology.

President, National Academy of Sciences, 1939–47.

I will not add other positions, nor will I mention awards and distinctions that have been conferred upon him. As long ago as last June 24, 1947, shortly after two articles by Congressman THOMAS appeared in popular magazines, attacking Dr. Condon, Dr. Jewett took cognizance of the situation and recognized not only the injustice to Dr. Condon but the grave implications to science and the national welfare. On June 24, 1947, Dr. Jewett wrote to a prominent fellow-Republican of New Jersey in the following vein, referring to Congressman THOMAS' articles:

While I know that no one can restrain Members of Congress from writing what they wish, I think it high time that some of you in the New Jersey Republican high command let Thomas know that articles like these are harmful and do neither the Nation nor the Republican Party, and particularly those of us here in New Jersey, any good. They are in the pattern of the worst that the Dies committee members put out.

Referring to Dr. Condon, Dr. Jewett said, in this letter:

By no stretch of the imagination is he a Communist or an unloyal American and yet THOMAS had used his position to make it appear that there is something hidden and reprehensible in what Condon has done and is doing.

Dr. Jewett concluded:

I have written you thus at length merely with the thought that you and others of our New Jersey Republican command should know that some of us good GOP boys disapprove strongly of the type of publicity Thomas is emitting.

I have already included, earlier, Dr. Jewett's recent comments on the March 1, 1948, attacks on Dr. Condon. On March 11, 1948, Dr. Jewett, sensitive to the destructive implications of the attacks on the future of science and government, addressed a statement on Scientists in Government at Work to the editor of the New York Times:

An experience of 8 years as president of the National Academy of Sciences and as a member of the National Defense Research Committee throughout its life makes me conscious of the difficulty of getting many of our ablest scientists to undertake work for the Government under the best of conditions and enables me to confirm the opinion expressed in your editorial of March 8 on the Condon case.

In wartime scientists will volunteer, as all good citizens will, and put up with necessary restraints and irritations. In peacetime, however, the conditions of Government service are not attractive to many if not most of our ablest scientists. The restraints on freedom of operation and the petty annoyances of bureaucracy are repugnant to them. Hence they are not attracted by Government service, even though they know that the problems presented for solution are important.

If to these normal drawbacks is added the constant threat of being publicly pilloried as traitors without opportunity to learn the specific charges made against them and to have their day in court in a public hearing, scientists would be less than human if they declined to assume the risk. Those of us who spend a lifetime in science know the extent and intensity of this feeling and the price the Nation will pay if the feeling persists.

Irrespective of the outcome of the charges which, without giving him an opportunity to defend himself, have been made against Dr. Condon, it is high time that Mr. THOMAS and his associates changed their methods. Even if the promptings of common decency did not bring about a change there is a very practical reason why they should, and the reason is that they are endangering the safety of the Nation at a crucial moment in history.

Still another indication of the reaction of the Nation is the dinner held on April 12, at the Biltmore Hotel in New York City, by scientists from every part of the Nation as an expression of confidence in Dr. Condon. Dr. Harold C. Urey, professor of chemistry at the University of Chicago, Nobel prize winner, and chairman of the dinner committee, had this to say of the attacks on Dr. Condon in announcing the dinner:

The undocumented and irresponsible attacks made by the House Committee on Un-American Activities on Dr. Edward U. Condon, Chief of the United States Bureau of Standards, have disgusted all fair-minded Americans. Conservatives and liberals alike have united in condemning the methods of Congressman THOMAS and his associates, who have it in their power to destroy the reputation of any citizen by vague insinuations.

The scientific community has reason to feel a special sense of outrage at the unwarranted attacks on the loyalty of our colleague. Many of us who have been closely associated with Dr. Condon over a long period—during his years of university teaching, his associate directorship of the Westinghouse research laboratory, and especially his period of invaluable service to his country on the Manhattan District project—have good reason to place full confidence in his complete integrity and loyalty to American institutions.

The sponsors—123 in number—represent a veritable galaxy of scientific stars, Nobel prize winners, heads of departments in leading universities, presidents of universities, national leaders in almost every field of the sciences. The sponsors are:

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F. W. Loomis, University of Illinois.
Irving Lowen, New York University.
Robert H. Lowie, University of California.
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R. R. Wilson, Cornell University.
Hugh C. Wolfe, College of the City of New York.
Jerrold Zacharias, Massachusetts Institute of Technology.
Oscar Zariski, Harvard University.
M. W. Zemansky, College of the City of New York.
Clarence Zener, University of Chicago.

These illustrations of the reaction of important organizations, groups, and individuals to the unwarranted and unfair attacks on Dr. E. U. Condon are merely representative. Neither time nor space permit the presentation of the full response. Startling though this response is, it is even more significant, for this is a period when we are all seriously concerned with grave national and international issues. In spite of these issues, the best minds of the Nation were so outraged at the attacks that they have reacted—and reacted in no uncertain terms.

Those distinguished Americans who know Dr. Condon—and there are many hundreds of these—have left no doubt about their knowledge of the integrity, the loyalty, the utter reliability, and dependability of this famed scientist, whom Fortune ranked as one of the 10 scientists of top rank which this Nation has developed in 200 years.

Both those who know Dr. Condon and those who do not, have left no doubt about their grave concern over the tac-

tics and procedures of the House Committee on Un-American Activities.

All have realized the appalling significance of these tactics and attacks in terms of the future of the progress of science in this country, in terms of the future of the relation of scientists to the Government, in terms of the future of the national security and welfare which rest on uninterrupted progress in science.

PERSONAL ANNOUNCEMENT

Mr. HARRIS. Mr. Speaker, on roll call 45 I am not recorded because I was absent from the Chamber on official business. Had I been present I would have voted "aye."

Mr. COX. Mr. Speaker, on roll call No. 45 I am not recorded because I was absent from the chamber on official business. Had I been present I would have voted "aye."

Mr. JACKSON of California. Mr. Speaker, on roll call No. 45 I am not recorded because I was absent from the chamber on official business. Had I been present, I would have voted "aye."

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. JACKSON] is recognized for 30 minutes.

REPORT ON BOGOTA

Mr. JACKSON of California. Mr. Speaker, to begin with, may I say that never has this great chamber looked as welcome to my eyes as it does at the present moment, nor has the warm feeling I hold for the Members of this body ever seemed quite as cordial. The old adage that "Absence makes the heart grow fonder" is most certainly applicable in the present instance.

Scarcely more than 2 weeks ago, I left Washington as your observer for the Ninth Conference of American States at Bogota, Colombia. Here it was hoped to draft an organic pact in cooperation with the other American Republics, a pact which would act as a guide post in our future relations with each other. The conference was to climax many previous discussions which had contributed so much to a better understanding between the countries in this hemisphere. It was to be a pact within the framework of the United Nations and was intended to lend an added measure of strength and stability to our relationships, not only with Latin-America, but with all of the other countries of the earth.

The opening sessions of the conference were disposed of without untoward incidents, and agreement was early reached which assigned the delegation members to six committees, the duties of which were clearly set forth and whose functions were designed to facilitate consideration of the many questions of mutual self-interest, the resolution of which might contribute to a peaceful and prosperous hemisphere. There was no thought expressed in any United States delegation meeting which I attended, and I was present at most of them, that might have been interpreted by anyone as representing selfish interest on the part of the United States or which could conceivably indicate anything resembling a design for hemispheric imperialism.

Yet the same forces of obstruction—the agents of world chaos—the planners of a world proletariat state—the international Communists, whose god is Lenin and whose prophet is Stalin, were determined that this new move in the direction of world order and stability must be blocked at any cost. Sound economies, public order, juridical processes, constitutional forms, and the expressions of majority opinion have always been and will ever continue to be the greatest road blocks on the path to a Red world.

The Colombian Communist, like his counterpart here in America and in every land, owes no loyalty to his native soil. His only allegiance is paid to the Kremlin, and he has long since lost the habit of original thought. He parrots his Marxian philosophy like a ventriloquist's dummy, and his devotion to civil liberties is a touching thing to behold—until he obtains the whip hand. He is an agent of a police state such as the world has never seen, and his hatred of property and those who hold it is second only to his desire to personally acquire something for nothing. Lacking shoes, he detests those who wear them, and his ideology leads him to set the torch to the shoe factory in order that his innate inferiority complex may better be disguised in a shoeless world. The cold fact that he has never tried to earn a pair of shoes, a suit of clothes, an automobile, or a home never infringes upon a mentality better suited to looting, rapacity, and murder.

The rise of communism offered an international sanctuary for the mass diseased minds of the earth. The international paranoics, under the cloak of humanity long ago set forth to chart a course of world conquest. Using the tools of fear, famine, and disease, these parasites on the social body early discovered that any promise, made often enough and fervently enough would serve to list recruits for any cause, and there were many people ready to listen at the beginning. Peasants who had toiled on fuedal land for centuries were happy to rid themselves of landlords, who had demanded 50 percent of all the crops they raised. However, the tumult of joy subsided quickly under the new masters when from 65 percent to 80 percent of the annual crops disappeared down the red maw of the new master.

But Colombia is a peaceful land. For many years the sounds of war had not been heard. Two generations of Colombians had grown up in an era of tranquillity. Some of the governments were good, some were bad, but none had been so corrupt as to render it necessary to bring it down with the sword.

There was a general dissatisfaction with the government of Ospina Perez, the conservative. The Liberal Party, and it should here be emphasized that the Liberal Party is by no means an agent of communism in Colombia, was determined to change the administration. There is nothing to indicate that the party, as such, had in mind any other course of action than that provided constitutionally. But when one considers courses of action in a world such as ours today, he must also consider whether or not he will be master of the situation when he embarks upon his project. One finds strange bedfellows in world politics today.

So it was with Colombia. I hold no brief for or against the Perez government. Although unpopular with many thousands of Colombians, it had been duly elected and constitutionally installed. Neither do I feel that the Liberal Party sanctions or endorses the actions of the mobs under their anarchist leaders.

But the fact remains that the Red tide last week touched the shores of the Western Hemisphere, and with the sword and torch the agents of international aggression have laid waste a capital city of one of the American Republics. For the first time organized Red leadership has bared its teeth in an expression of riot, pillage, and slaughter that cannot go unnoticed by the other nations whose interest and independence have been so vitally affected by the uprising at Bogota, Colombia, on the afternoon of Friday, April 9.

Whether or not the assassination of the Liberal leader and idol, Jorge Gaitán, was an act of the Communists, a disgruntled Liberal, or the Conservative administration itself will probably never be known, so rapid was the action by which the assassin was hauled through milling mobs and lynched within the sight of thousands. But, sincere patriot or paid hireling, the lips that might have told the world of the true story of his motivation or his purpose have been sealed forever. It is enough to know that the shots fired by his hand not only gave the signal for one of the most violent uprisings in the history of the Western Hemisphere, but, what is more important, gave the United States and the other Republics of the Continent a close-up view of what any country can expect in the face of organized mob violence.

The proportion of Communists and Communist sympathizers in the maddened throngs which for 3 days looted and burned their own national institutions and facilities in Colombia, probably did not exceed 5 percent of the population, but under the prodding and harangues of the Red leaders, they lost their sense of direction and purpose, and turned from a possibly legitimate expression of national dissatisfaction with the Conservative government to violence, bloodshed, arson, and looting. Grief for the untimely death of Gaitán turned in a single hour to unrestricted mob violence, which spared neither shop, church, public utility or institution of public service. Inflamed by initial success the mobs milled in the streets, armed with whatever weapons they could obtain, smashing windows and doors, overturning streetcars and busses, looting shops, markets, and stores, and then setting the torch to the shambles remaining. What could be carried was taken, what could not be lifted was smashed. Bolts of textiles were carried into the streets to be hauled their entire lengths through the gutters. Wanton and useless destruction was the order of the day.

Foreigners sought refuge where they could find it, and it must be said that many found their sanctuary under the

roofs of the sincere and hospitable Colombian people, upon whom the shame of these hours will long lay as a heavy blight. Nor was the open repugnance at the action of the mobs restricted to the upper or small middle class. It is shared by thousands and thousands of ordinary Colombian men and women, men and women who work for low wages and for long hours but in whom love of God, country, and human decency are inherent. All of us who were in Bogota during the first few hours of the uprising were struck by the loyalty of the men and women who served in the most menial positions, but who had come to look upon us as friends and guests within their country. I can best illustrate this point by referring to our flight from the capital building, which was the first of the national structures to feel the impact of the mobs bent on destruction.

The national capitol of Colombia, like the building in which this Congress sits, is a beautiful structure. Its parquet floors, its great chandeliers, its ceiling-high mirrors, and the extreme good taste of its furnishing would have done justice to a much greater state than Colombia. The nation had spared no expense in making what it considered suitable preparations for the Ninth Conference of American states. Modern translation equipment was installed and the complete building was refinished and repaired for what was to be a great and satisfying moment in the history of the country, that moment in which a free and independent Colombia would play proud host to her sister republics. Bedecked with the flags of the conference, the capitol was a sight of splendor dominating the open square on which it faces. Flanked by a magnificent cathedral on one side and shops and stores on the other two sides, the Plaza, during the first days of the conference, gave little indication of the bloody rioting that was to center around its fountains within such a short few days.

On Friday last your observer, together with three other members of the United States delegation was having lunch in the fine restaurant located in the Capitol basement. Gaitán was murdered shortly after 1 p. m. on Friday and within minutes the mobs were surging through the Plaza. The unarmed police were powerless to cope with the situation and were brushed aside by the rioters as they streamed into the building. Red flags were in profusion and I personally saw hammer-and-sickle flags. Using stones, bricks, machetes, and boards, the mob commenced a methodical tour of destruction which was to render the first floor of the capitol building a shambles within a matter of minutes. The police reorganized and in a short while managed to eject the rioters from the building. Delegates were herded to the upper floors and were told that they would be evacuated by army convoy within an hour.

In the meanwhile, the surging mobs turned their attention to automobiles, streetcars, and buses in the Plaza square and within 2 hours after the initial outbreak much of Bogota's transportation was in flames, and the columns of black smoke which were to characterize this city for the next 3 days were rolling skyward. In every group there appeared to be a leader with a plan. Orators harangued the mobs and the most frequently heard phrase was "Abajo," which means "down with." After the first few senseless minutes of apparent confusion, the movement gained added impetus and a new sense of organization. Looting broke out and the first fires in the business district were started. Firing, which was rare in the first several hours became more general as night approached.

Considering that another attack on the Capitol was likely four of us decided on an attempt to reach our hotel at about 3:30 p. m. The crowds were concentrated in the front of the Capitol, so we left by the back street. We passed through a great many groups being harangued by speakers. One of our number, Edward Hidalgo, who speaks fluent Spanish interpreted some of the phrases overheard in passing. They consisted principally of "imperialism," "arise workers," and the usual Communist patter familiar to the members of this body.

What might have occurred had we not come upon a friendly Colombian is difficult to state. In any event, he exposed himself to no little danger in offering us the use of his ancient car which was one of the very few to be seen intact on Bogota streets last Friday. By a circuitous route through the looting and ugly crowds he finally brought us to our hotel where we found a number of other members of the United States delegation.

Friday night found the United States group isolated in three principal locations, although some few others were elsewhere in the city. At the United States Embassy approximately 65 persons under the direction of Assistant Secretary of State Norman Armour, were completely isolated from the American delegation headquarters group directly across the street in the Edifico Americano. The delegation members were headed by Mr. Paul Daniels, Chief of American Republic Affairs in the Department of State. Secretary Marshall and others of the United States group were isolated in their residences elsewhere in the city.

Communications on Friday night, save for the radio in the Embassy building, were nonexistent. Fires almost completely circled the two buildings and a small blaze in the basement of the Embassy building was taken under control before it could seriously damage the structure. There was no food available for the Americans in either building, although others of us at the delegation hotel were more fortunate in this respect. During Friday night a crude bomb was thrown into the United States delegation headquarters, but no casualties resulted.

I feel that I would be remiss in my duty as your observer if I did not mention at this point the courage and high morale of all of the United States delegation members during the entire course of the uprising. Thousands of miles from home, with flame on three sides, with looting and marauding mobs howling through the streets, the courage and devotion to duty of the United States group was an inspiration to all who witnessed the tragedy at Bogota.

Not one American was armed and constant attempts were made by the rioters to enter any and all buildings. In spite of this continuous turmoil on Friday night, the personnel remained orderly and calm and did whatever they could to help facilitate the general welfare.

Frequently we are prone to criticize the work of those who serve us abroad in the various delegations or the Foreign Service. I think I know something of war, and I believe that these were excellent United States soldiers on a dangerous assignment if any ever were.

Later, when evacuations commenced, it was found necessary to order some of the personnel to leave their post of duty to return to Panama and the United States. I, for one, am proud and happy to have gone through the Bogota tragedy with the men and women who comprised our task force at the Conference. They are splendid Americans and all should know of their labors and their courage.

Upon orders of Secretary of State Marshall, evacuations of all but vitally needed personnel commenced on Saturday. Communications were still out of order, but armed convoys were able to move from place to place under heavy sniper fire. A high priority for evacuations was assigned to delegates from all republics and many other men, women, and children of the Latin-American countries were flown out of Bogota by the Twentieth Troop Transport Command, based in Panama. Incoming planes carried rations in case of food shortages, and assurances were given all delegations that such rations would be made available to them as needed.

What then, Mr. Speaker, are the portents for America? What relation does an uprising in such a remote and inaccessible place as Bogota mean in terms of the future welfare and security of the United States? To me, the implications are clear. The uprising in Colombia is not something that just happened, a chance meeting place for opposing forces in basic conflict with each other. The events of the past week, Mr. Speaker, are but additional stitches in the cloth of violence, which will, when completed, represent the triumph of brute force over law and freedom.

What has happened in Bogota can and will happen again in such places as New York City, Chicago, and San Francisco unless we, who still remain free and unfettered gird ourselves for all-out battle with the enemy. This is war as truly as if we were opposed by armed might and a physical enemy. What is more, it is not an enemy who shows quarter to the vanquished or mercy to the noncombatants. It is a foe unlike any monstrosity produced in all history, an adversary to whom any means justify the end.

This body is presently considering legislation to cope with the tragedy of atheistic communism. It is my fervent hope, and I know that this hope is shared by millions of people throughout this country, that the finished measure will bear as many fangs as the creature with

which we have to contend; that it will match blow for blow and lash for lash; that it will guarantee at least one place on the face of the earth where a man can walk upright in human dignity and freedom without fear of the sword, the scourge, or the lash.

There can be no peace in a world divided between these two basic philosophies, and he who contends that there can be speaks out of the sheerest folly or the deepest malice. We could not do business with Hitler and we cannot do business with Stalin. The basic concepts of America with respect to the fundamental rights of man are entirely and completely incompatible with any police state order, no matter how disguised by its apologists and its advocates.

Colombia is a milepost on the road of aggression. Its warning is clear to all who witnessed the violence and the bloodshed in Colombia. It will be followed by other warnings, whose meanings will not lend themselves to misinterpretation. The clamor, the tumult and the shouting will doubtless continue in the Kremlin, on the sad streets and boulevards of an enslaved world, yes Mr. Speaker, here on the floor of this House. There will be those who will proclaim the sins of omission and commission perpetrated by Wall Street bankers, imperialists and all the rest of the nauseuous tommyrot with which our ears are daily filled by the front organizations, and the Communist world press. In the meanwhile, force, brutal and undisguised will continue to ride roughshod over the home, the church, and the popular will.

Fortunately, sound counsel from liberals and conservatives alike appears to prevail for the moment in the Colombian Government. The delegations, proceeding again to their work, have received guaranties of sufficient physical protection to permit the resumption of the discussions. Although foiled temporarily in their efforts to seize the nation for their own purpose, there is no guaranty that the Communist agents will not make early and renewed efforts to seize power—not in the name of the Colombian people, but in the name of bloodshed and carnage.

It is an hour of moment for the United States. It is the hour of decision. To block the Communists in their quest for power here at home may conceivably infringe upon some small measure of the individual rights of those who are not themselves Communists, but whose actions lend every aid and comfort to the enemy. In the interest of the vast majority of the American people this becomes our solemn and sworn duty. If there is one thing certain it is the fact that failing to take action in the near future will mean the permanent loss of an even greater number of our own American rights.

It is better and easier to retain liberty than it will be to regain it, once lost.

UNIFORM SYSTEM OF BANKRUPTCY

Mr. LEMKE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4326) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out "1948" and insert "1949."

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on yesterday, and I presume again today, the Member from California [Mrs. DOUGLAS] proceeded to malign the Committee on Un-American Activities and to put in the RECORD attacks on the chairman of that committee that should be stricken from the RECORD, and to quote from various papers over the Nation statements on a subject with which they are not familiar, attacking the committee because of the so-called Condon case.

I was not on the subcommittee that handled that case in the beginning. But I know something of the facts in the case.

Mr. J. Edgar Hoover, the head of the FBI, a great and patriotic American, wrote a three-page letter on this Condon case, and the Committee on Un-American Activities has asked to see that letter.

Because of our request, and because of the information the Committee on Un-American Activities has uncovered this campaign of malicious attacks on the Committee on un-American Activities is being carried on.

The atomic bomb is the most dangerous weapon the world has ever known. A few of them would almost destroy America if properly placed. This committee has some information which we propose for the House to have. All we are asking now is that this letter be submitted to a committee of the House of Representatives.

I submit that no head of a department has the right to pull down an iron curtain between the Congress and those individuals on the Federal pay roll whom we have a right to investigate.

I have no ax to grind in this matter. I have said time and again on this floor that my country comes first. If it were not for the serious questions that are involved I would not serve on this committee for another day. But I realize we are confronted with some of the most serious problems that have ever come before the Congress of the United States. Some of those questions are going to be brought to a vote to the floor of the House within the next week or 10 days. The Committee on un-American Activities is doing its best to protect this country from the enemies within our gates and I protest against these vicious attacks on the committee by a Member whose record has been one of open antagonism toward that committee from the very beginning.

EXTENSION OF REMARKS

Mr. CURTIS asked and was given permission to extend his remarks in the RECORD.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include an article from the Waterbury American.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2195. An act to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended; to the Committee on the District of Columbia.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2038. An act to enable the Secretary of Agriculture to conduct research on foot-and-mouth disease and other diseases of animals and to amend the act of May 29, 1884 (23 Stat. 31), as amended, by adding another section.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 358. An act for relief of Hilario A. Goitia;

H. R. 387. An act for relief of Hayato Harris Ozawa;

H. R. 388. An act for relief of Bert Harrington, Jr.;

H. R. 420. An act for relief of Esther Ringel;

H. R. 421. An act for relief of Betty Isabel Schunke;

H. R. 560. An act for relief of Wilhemina Piper Enz;

H. R. 899. An act for relief of Mrs. Keum Nyu Park;

H. R. 927. An act for relief of the estate of Mary D. Briggs, deceased;

H. R. 990. An act for relief of William B. Moore;

H. R. 1859. An act for relief of Philip Lee Sjoerdt Huizenga;

H. R. 1912. An act for relief of John A. Dilboy;

H. R. 1927. An act for relief of Margaret Katherine Hume;

H. R. 2213. An act for relief of A. J. Sprouffske;

H. R. 2250. An act for relief of Mrs. Daisy A. T. Jaegers;

H. R. 2303. An act for relief of Mitsu M. Kobayashi;

H. R. 2425. An act for relief of August Dane Tetuaearo;

H. R. 2427. An act for relief of Jose Cabral Lorenzo;

H. R. 2557. An act for relief of Mable Gladys Viducich;

H. R. 2633. An act for relief of Claude T. Thomas, and others;

H. R. 2645. An act to provide that appointments of United States commissioners in certain national parks shall be made by

United States district courts without recommendation and approval of Secretary of of Interior;

H. R. 3039. An act for relief of Mrs. Marian D. McC. Plein;

H. R. 3300. An act for relief of Martin King;

H. R. 3387. An act for relief of Bruce Bros. Grain Co.;

H. R. 3263. An act for relief of Tech. Sgt. Tsuyoshi Matsumoto;

H. R. 3484. An act to transfer the Remount Service from the Department of the Army to the Department of Agriculture;

H. R. 3569. An act to authorize the construction of a chapel and a library at the United States Merchant Marine Academy, Kings Point, N. Y.;

H. R. 3849. An act for relief of Domingo Gandarias;

H. R. 3968. An act for relief of Olive Irene Milloglav;

H. R. 4118. An act to confirm title in fee simple in Thomas Loflin to certain lands in Rankin County, Miss.;

H. R. 4403. An act for relief of Ladislao Vaida and others;

H. R. 4572. An act to amend section 7 of the District of Columbia Traffic Act of 1925;

H. R. 4636. An act to amend an act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," approved February 27, 1929, as amended;

H. R. 4649. An act to provide that compensation of members of the Alcholic Beverage Control Board of the District of Columbia shall be fixed in accordance with the Classification Act of 1923;

H. R. 4739. An act to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of exposed X-ray film;

H. R. 5328. An act to amend paragraph 1803 (2) of the Tariff Act of 1930, relating to firewood and other woods; and

H. R. 5387. An act for relief of certain officers and employees of the Department of the Treasury.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 23 minutes p. m.) the House, under its previous order, adjourned until Monday, April 19, 1948, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1468. A letter from the Chairman, United States Maritime Commission, transmitting the quarterly report of the United States Maritime Commission on the activities and transactions of the Commission under the Merchant Ship Sales Act of 1946 from January 1 through March 31, 1948; to the Committee on Merchant Marine and Fisheries.

1469. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation and a supplemental estimate for the fiscal year 1948 in the amount of $268,000,000 for the Treasury Department (H. Doc. No. 614); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ANDREWS of New York: Committee on Armed Services. Senate Joint Resolution 207. Joint resolution to provide for the commemoration of the sesquicentennial anniversary of the establishment of the Department of the Navy; without amendment (Rept. No. 1742). Referred to the House Calendar.

Mr. DONDERO: Committee on Public Works. S. 1545. An act to authorize a bridge, roads and approaches, supports and bents, or other structures, across, over, or upon lands of the United States within the limits of the Colonial National Historical Park at or near Yorktown, Va.; without amendment (Rept. No. 1744). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. S. 1611. An act to extend the time for completing the construction of a bridge across the Mississippi River at or near Sauk Rapids, Minn.; without amendment (Rept. No. 1745). Referred to the House Calendar.

Mr. DONDERO: Committee on Public Works. H. R. 5543. A bill granting the consent of Congress to Carolina Power & Light Co. to construct, maintain, and operate a dam in the Lumber River; without amendment (Rept. No. 1746). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 6188. A bill to confer jurisdiction over the Fort Des Moines Veterans' Village upon the State of Iowa; without amendment (Rept. No. 1747). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 6228. A bill to provide for the construction of shore protective works at the town of Nome, Alaska; without amendment (Rept. No. 1748). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHAFER: Committee on Armed Services. H. R. 5298. A bill to establish Civil Air Patrol as a civilian auxiliary of the United States Air Force and to authorize the Secretary of the Air Force to extend aid to Civil Air Patrol in the fulfillment of its objectives, and for other purposes; without amendment (Rept. No. 1749). Referred to the Committee of the Whole House on the State of the Union.

Mr. SCHWABE of Missouri: Committee on Education and Labor. H. R. 3239. A bill to amend section 4 of the United States Employees' Compensation Act, approved September 7, 1916; with an amendment (Rept. No. 1750). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 3915. A bill to increase the size of the Arkansas-Mississippi Bridge Commission, and for other purposes; with an amendment (Rept. No. 1751). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JENNINGS: Committee on the Judiciary. H. R. 6224. A bill for the relief of John Watkins; with an amendment (Rept. No. 1743). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VAN ZANDT:

H. R. 6258. A bill to tax the profits out of war by steeply graduated income and other taxes in order to provide for an effective national defense, to promote peace, to encourage actual neutrality, to discourage war profiteering, to distribute the burdens of war, to keep democracy alive, and for other purposes; to the Committee on Ways and Means.

By Mr. PLOESER:

H. R. 6259. A bill relating to the meat-inspection service of the Department of Agriculture; to the Committee on Agriculture.

By Mr. ELSAESSER:

H. R. 6260. A bill to review reports on the Buffalo, N. Y., harbor; to the Committee on Public Works.

By Mr. JENNINGS:

H. R. 6261. A bill to provide for the Adm. David Glasgow Farragut Birthplace National Monument; to the Committee on Public Lands.

By Mr. MILLER of Connecticut:

H. R. 6262. A bill to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense and promote peace; to the Committee on Ways and Means.

By Mr. WOLCOTT:

H. R. 6263. A bill to provide a Federal charter for the Commodity Credit Corporation, and for other purposes to the Committee on Banking and Currency.

By Mr. MILLER of California:

H. R. 6264. A bill to provide reduced annuities at age 55 after 5 years of civilian service for persons involuntarily separated from the Federal service not by removal for cause; to the Committee on Post Office and Civil Service.

By Mr. McMAHON:

H. J. Res. 374. Joint resolution to increase the sum authorized to be appropriated for the presentation to Eire of a statue of Commodore John Barry; to the Committee on Foreign Affairs.

By Mr. DONOHUE:

H. J. Res. 375. Joint resolution authorizing and requesting the President to proclaim an annual National Rededication to Marriage Week; to the Committee on the Judiciary.

By Mr. LEMKE:

H. J. Res. 376. Joint resolution providing for closer cooperation between the legislative and executive branches of the Government; to the Committee on the Judiciary.

By Mr. WEICHEL:

H. J. Res. 377. Joint resolution to amend the Merchant Marine Act, 1936, as amended, to strengthen the American merchant marine, to encourage investment in the American merchant marine, to build more ships, and to remove inequities; to the Committee on Merchant Marine and Fisheries.

By Mr. ALLEN of Illinois:

H. Res. 539. Resolution providing for the payment to Ella J. Ickes, widow of William G. Ickes, late employee of the House, 6 months' salary and $250 funeral expenses; to the Committee on House Administration.

By Mrs. NORTON:

H. Res. 543. Resolution providing for printing additional 25,000 copies of Fascism in Action; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MacKINNON:

H. R. 6265. A bill for the relief of Adolphson, Huseth, Layser & Welch, a partnership; to the Committee on the Judiciary.

By Mr. BLOOM:

H. R. 6266. A bill for the relief of Jerzy Adam Szafir; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1783. By Mr. BOGGS of Delaware: Petition of Woman's Christian Temperance Union of Kent County, Del., containing 400 signa-

tures, requesting passage of S. 265, a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1784. By Mr. GOFF: Petition of Mrs. F. O. Brocke and 105 others, urging passage of S. 265, a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1785. By Mr. HART: Petition of the American Legion, Department of New Jersey, expressing opposition to any reduction or curtailment of services or benefits to veterans of World Wars I and II; to the Committee on Appropriations.

1786. By Mr. NORBLAD: Petition signed by Mrs. Ethel Ayers and 49 other citizens of Corvallis, Oreg., endorsing a system of universal military training, as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1787. By the SPEAKER: Petition of W. A. Naurman, Orlando, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1788. Also, petition of F. A. Winchell, Miami, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1789. Also, petition of Mrs. F. A. Winchell, Miami, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1790. Also, petition of Mrs. G. E. Knapp, Orlo Vista, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1791. Also, petition of Pfc. W. C. Farrell, APO 169, care of Postmaster, New York, N. Y., petitioning consideration of his resolution with reference to endorsement of universal military training; to the Committee on Armed Services.

SENATE

MONDAY, APRIL 19, 1948

(Legislative day of Monday, March 29, 1948)

The Senate met at 11:30 a. m., on the expiration of the recess.

Rev. Clarence W. Cranford, pastor of the Calvary Baptist Church, Washington, D. C., offered the following prayer:

We cannot enter this room, our Father, without realizing that the lives of millions of people are affected by the decisions that are made here. If ever anyone needed divine guidance, surely it is those who have the responsibility of leading America in these critical days of the world's history. Seeing, therefore, that they are compassed about with so great a cloud of witnesses around the world, help these who are the lawmakers of our land to face with patience the tasks that are set before them, looking unto Thee for inspiration and guidance. And may the reward of their labors be a peaceful world. We pray in Jesus' name. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, April 15, 1948, was dispensed with, and the Journal was approved.

LEAVE OF ABSENCE

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senator from Kentucky [Mr. COOPER] be granted leave to be absent from the Senate through Wednesday next.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 6226) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1948, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 3703. An act to authorize transfer of surplus real property to the jurisdiction of the Department of the Interior for consolidation of Federal holdings within areas administered by the National Park Service; and

H. R. 4326. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

ORDER FOR RECESS TO NOON TUESDAY

Mr. WHERRY. Mr. President, I ask unanimous consent that when the Senate concludes its business for today it take a recess until 12 o'clock noon tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMEMORATION OF FIFTIETH ANNIVERSARY OF LIBERATION OF CUBA—JOINT SESSION OF THE TWO HOUSES

Mr. WHERRY. Mr. President, I should like to make an announcement for the benefit of the Senate. Under House Concurrent Resolution 184, the Senate will go to the Hall of the House of Representatives where a joint session of the two Houses will be held in commemoration of the fiftieth anniversary of the liberation of Cuba. It is the intention that the Senate shall proceed to the Hall of the House in a body and shall return to the Senate Chamber and reassemble immediately after the ceremonies are concluded.

After the Senate reassembles, there will be an opportunity for Senators to make insertions in the RECORD and for any other business the Senate may desire to transact.

I now suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Bricker	Butler
Baldwin	Bridges	Byrd
Ball	Brooks	Cain
Barkley	Buck	Capehart
Brewster	Bushfield	Capper
Chavez	Johnston, S. C.	Pepper
Cordon	Kem	Reed
Donnell	Kilgore	Revercomb
Downey	Knowland	Robertson, Va.
Dworshak	Langer	Robertson, Wyo.
Eastland	Lodge	Russell
Ecton	Lucas	Saltonstall
Ellender	McCarran	Stennis
Ferguson	McCarthy	Stewart
Flanders	McClellan	Taft
Fulbright	McFarland	Thomas, Okla.
George	McGrath	Thomas, Utah
Green	McKellar	Thye
Gurney	McMahon	Tobey
Hatch	Malone	Tydings
Hawkes	Martin	Vandenberg
Hayden	Maybank	Watkins
Hickenlooper	Millikin	Wherry
Hoey	Moore	White
Holland	Morse	Wiley
Ives	O'Conor	Williams
Jenner	O'Daniel	Wilson
Johnson, Colo.	Overton	Young

Mr. WHERRY. I announce that the Senator from Kentucky [Mr. COOPER] is absent by leave of the Senate on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business.

Mr. LUCAS. I announce that the Senator from Texas [Mr. CONNALLY] is absent because of illness.

The Senator from Alabama [Mr. HILL], the Senator from Pennsylvania [Mr. MYERS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Idaho [Mr. TAYLOR] are absent on public business.

The Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent by leave of the Senate.

The Senator from North Carolina [Mr. UMSTEAD] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

Under the order of the day, the Senate will proceed to the Hall of the House of Representatives.

Thereupon, at 11 o'clock and 41 minutes a. m., the Senate, preceded by its Secretary (Carl A. Loeffler), its Sergeant at Arms (Edward F. McGinnis), and the President pro tempore proceeded to the Hall of the House of Representatives to attend the ceremonies commemorative of the fiftieth anniversary of the liberation of Cuba.

The joint meeting of the two Houses having been dissolved, the Senate returned to its Chamber at 12 o'clock and 45 minutes p. m. and was called to order by the President pro tempore.

The PRESIDENT pro tempore. The Chair would like to express on behalf of the Senate to the distinguished Senator from Pennsylvania [Mr. MARTIN] and his associates the Senate's gratitude for the very able manner in which today's ceremonies were planned and executed. [Applause.]

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

PROPOSED PROVISION PERTAINING TO APPROPRIATION FOR NATIONAL MEDIATION BOARD (S. Doc. No. 147)

A communication from the President of the United States, transmitting a draft of